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THE BRITISH CABINET, THE HOUSE OF COMMONS AND THE WAR

IT is my purpose to give some account of the operation of the Cabinet system and the House of Commons since September 3, 1939; of their changes in organization and spirit under the impact of man's most terrible adventure, and of the discovery, under ordeal, of the talents and timidities of statesmen. Here is an exercise in democracy; and its result, I think, gives the lie to those who pretend to fear that war must defeat democracy because either it cannot rise to the necessary discipline or, if it does, it falls beneath the fatal weight of its own machinery.* The record, I think, shows that men of conviction and resolution to live free lives can always be masters of their political system; and that new forms of organization are merely the vehicles of a more ardent spirit of criticism, reason, and political originality in Parliament, the Executive, and their matrix, the People.

I

It is difficult to understand the evolution of the Cabinet during the War itself without some attention to the process

* In this article I make no mention of the extremely interesting situation in Washington in respect of the relations between Congress and the President. It would be so bold for an Englishman to suggest that the costly British experience offers any lesson to the only other remaining great democratic power. That there are high opportunities to which the United States Congress could rise, and that representatives and senators have ample assistance for their work have been clearly and brilliantly demonstrated by Professor Lindsay Rogers, in "Legislature and Executive in War Time", *Foreign Affairs*, July 1941, and "The Staffing of Congress", POLITICAL SCIENCE QUARTERLY, March 1941.

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which began as soon as the advent of Hitler in 1933 made ever more acute the anxieties of those in England who saw the looming danger. The Germans had fully studied the reasons for their defeat in 1918, and their literature and political movements since then had made plain the lessons they had learned. These lessons were equally a text for the more intelligent and apprehensive among British politicians and publicists. In Parliamentary debates—in the House of Lords almost equally with the Commons—from 1935 onward, the pattern of the coming war was laid bare, together with the sense of urgency or imminence, which it should have aroused even in the Baldwins and Chamberlains.

First, it was realized that the enemy would not sit still and wait until the life was choked out of him by blockade and the assembly of all the democratic reserves of men and material. Sitting down invited defeat. All the potential strength would be built up so that a knock-out blow could be delivered, possibly in a few days. The answer to a possible Blitzkrieg was not a Sitzkrieg, but organization, ready at any moment to counter with its own lightning strokes. Those who held this view were affected by a strong sense of urgency. In a debate on November 10, 1936, the Minister for the Co-ordination of Defence, Sir Thomas Inskip, refused to undertake radical changes in the organization of Defence and Supply, until "there was the most cogent proof of its necessity." Churchill answered: "So they [the Cabinet] go on in strange paradox, decided only to be undecided, resolved to be irresolute, adamant for drift, solid for fluidity, all powerful to be impotent." The sense of urgency which would have produced the will and then the organization did not exist in either Baldwin or Chamberlain, whether from ignorance, temperament, or suppression by vain hopes.

Secondly, it was seen that this war would be total, that every branch of economic and social life would directly minister to it. Since it would be mechanized, all the industrial power of each belligerent would support it, and this would involve the instrumentalizing of agriculture, commerce, manufactures. For Great Britain this was, rightly understood, of

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momentous significance, because her wealth and strength reposed on the power to feed herself by sea-borne supplies and to purchase and bring to the center of hostilities equipment, raw materials and food from every quarter of the globe. To plan, and if possible prepare, the tremendous total transition needed brain and vigor and the attendant organization *at an early date.*

Thirdly, the new heavy weapon of air attack required the creation of what may be called an *Ersatz-Staat*—a substitute State, a State behind the State. Institutions needed to be established to function even if London or other civil and military centers were wiped out and the provinces thereby cut off. Improvization under actual attack would not do, even if there were a waste of money because arrangements were made and the event should never occur. The risk was a heavy one.

Fourthly, it was essential to solve the problem of (a) the relationship between the civilian will to make and sustain the burdens of war and the military and technical services whose advice and administration were vital to its successful prosecution; and (b) how to carry and maintain civilian morale through horrible experiences, burdens and suspense. The literature of air attack was horrifying. It was seen that a dominating political will must somehow be found, whether it was a multitude, or one; that national political unity was the essential foundation, and responsible government an unconditional continuing requisite.

These things were plain to many politicians, but the problem was to bring home a sense of imminent danger to the governments in power between 1931 and September 1939. It was not achieved on a sufficiently comprehensive or emotional basis by September 1939, though some important measures were enacted. It was not even achieved to the date of the Nazi onslaught on the Low Countries, and the fall of Chamberlain. It has not been fully achieved down to the date of writing, although immense strides have been made, the magnitude and success of which are highly remarkable. The proximity of danger, and the imminence of opportunity, are the forces which quicken the pulse of the statesman, and the strength, tempo

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and totality of warlike action. Abyssinia, Axis planes around Malta in 1936, Austria, Munich, the rape of Czecho-Slovakia and Poland, Norway, the fall of France, Greece and the Balkans, Crete, and, latest of all, the opportunity presented by Russian resistance—these are the nodal points of reorganization and fortified determination. The ensuing discussion will show how the occasion demanded different minds and characters and what a large part was played by the House of Commons in sensing, focusing, intensifying and concentrating upon Ministers the mood and feeling of the time. The dynamic, popular effectiveness of the Legislature was never better exemplified. It dispelled the thin walls of self-protection which Ministers ever unconsciously throw up around themselves while they are getting on with their immediate Departmental or Cabinet work.

By August 1939 the Cabinet was not without the assistance of an organization of experts: it was flanked by the Committee of Imperial Defence; and directly stemming from it as special auxiliaries were Cabinet committees like Defence and Military Requirements, Principal Supply Officers, Man Power. A Minister for the Co-ordination of Defence existed (barely, some said). The Economic Advisory Committee was moribund! There was a want of grip, integration and movement, and the natural history of this state of affairs requires explanation. Since 1904 the Committee of Imperial Defence had acted as a thought-organization, or planning body for defense, or "brain trust". It came into existence as the result of the anxieties engendered at the very end of the nineteenth century by the rapid evolution of German might and appetites. Its War Book, an index of things to be done and the ways and means of doing them on the outbreak of war, had been of inestimable value in the War of 1914-18.

Yet it should be noticed that the co-existence of the thought-organization and the policy-deciding body did not necessarily make for efficiency, though Prime Minister and principal Ministers sat with the former's experts. More than co-existence and the personal interrelationship were needed to secure the application of the plans. There was need of will, strategic understanding of aims and timeliness, and vigor. The urbane,

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classical and Liberal lawyer, Mr. Asquith, gave way to the War Cabinet of Lloyd George—the famous five Ministers without Departmental responsibilities, free from detail, sitting in several sessions each day to deliberate at large, and then to receive reports and to issue commands, and possessing the sovereign power of push.

In 1920 the Committee of Imperial Defence was restored to its pre-war position side by side with the Cabinet. Again it achieved a tremendous labor of investigation and recording. From time to time there were as many as fifty or a hundred sub-committees working at special problems. It would have seemed that a better arrangement could hardly be conceived. There was at least a twofold liaison between Cabinet and Committee: political or administrative. Between the end of the War and 1924 a nominee of the Prime Minister had occupied the Chairmanship of the Committee. In 1924, Mr. Baldwin, with an unwonted display of energy, himself took it over. His reasons were sound in theory. He wished to be familiar with matters to come before the Cabinet, and to be aware of developments in case war should break out; and the Prime Minister could not decide disputes about the estimates required by the Service Departments, Army, Navy and Air, unless he knew the issues at first hand. Its practical operation was lamentable, since it required for its success a man of tremendous physical stamina, capacity for business, range of knowledge, and imagination. For it was predicated upon a Prime Ministership which is at once Chairman of the Cabinet, the channel of communication with the Crown, the leadership of the victorious political party, the leadership of the House of Commons, and a social figurehead whose functions of popular exhibition consume considerable time. The Chairmanship of the Committee of Imperial Defence could be effective only if the Prime Minister could spend a good half of his time and mind upon it. He could not possibly do that.

Secondly, its former Secretary, Sir Maurice Hankey, was again Secretary; and he combined with this the Secretaryship to the Cabinet, a unit which he had originated under the Lloyd George War Cabinet. His remarkable qualities of mind and

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industry had mighty results in coördinating the work of the Committee and stimulating it and tracing out its path of exploration and planning. But he was only a civil servant. He had the power to recommend, to prepare thoughts and plans, and set in movement investigations, and sometimes even to warn and encourage. But he could not compel the Chiefs of Staff to agree upon a paramount strategic plan and subordinate themselves and their Departments individually thereto. As the Marquis of Salisbury said: "A permanent official, however skilful, and however trusted, is not the man [for Chairman], because he cannot insist. He is a servant not a master. Indeed, although as I say, resignation is his *ultima ratio,* he cannot resign. He can do nothing if his advice is not taken. . . . Moreover, a permanent official is not responsible to Parliament." [1]

Since mighty Britain was ill prepared at the outset of the War, the system must be regarded as ineffective. The head of steam under which the Committee was driven in its speed and sense of urgency was the judgment of the Cabinet as to when a war was to be expected and with what enemies. But the Foreign Secretaries seem not to have served the Cabinet well, for a variety of reasons, among others the lack of mental acuteness of the Diplomatic Service. Hence, the Cabinet, as the supreme policy-making body, offered no direction, drive or pressure to the thought-organization. In the 1930's the Committee consisted of the Prime Minister, the Lord President of the Council, the Chancellor of the Exchequer, the Foreign Office, the Home Secretary, the Dominions and Colonies, the heads of the three Fighting Services, the Secretary for India, the Parliamentary Under Secretary for Foreign Affairs, the three Chiefs of Staff, and the Head of the Civil Service—a largish committee, but large because war was coming to embrace so much more of national life than earlier wars. It was a well-integrated body; sometimes Opposition members were invited to keep them in touch with crucial issues; and there was an enormous fringe of committees and sub-com-

[1] House of Lords, Feb. 27, 1936, Col. 815.

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mittees — in the year March 1934 to 1935, there were 237 meetings of committees and sub-committees.[2] Yet of sovereign importance was the judgment of the Cabinet regarding what was to be done, and at what approximate date. Prime Ministers were so busy that there was a gap between Whitehall and Downing Street, or so supine or misguided as to give the Committee little impetus.

These matters were brought out by the Opposition in a number of debates in both Houses of Parliament. It was divulged that the Committees on the Application of Science to War, and the Vulnerability of London, had become almost academic in their pace; that, in spite of the work of the Committee on Reserves of War Stocks, there was insufficient breadth in considering the picture of the total efforts required. Of greater importance was the want of strategic unity in the outlook of the Chiefs of Staff Committee. This was indeed the crucial Committee, being the war brains, and coming as near as could be to an Imperial General Staff from which should emanate the major and basic military conception determining all issues of priorities as between the services, and as between the armed forces and the civil population, and so on down to the minutiae of production and consumption. The Chiefs of Staff Committee consisted of the three Chiefs of Staff with the Prime Minister or his deputy as Chairman. It considered all technical questions of defense, and was responsible to the Committee of Imperial Defence and the Cabinet for the consideration and investigation of imperial defence as a whole, and for co-ordinating the functions and requirements of the three Defence Services. It had the double function of each member advising his own Ministerial Chief, and of acting together in order to produce a collective military review for the Chairman or Deputy Chairman of the Committee of Imperial Defence.

It was asking too much of three Chiefs of Staff, of their own free will, to fit into a strategic order which was not given

[2] On November 12, 1936, Mr. Baldwin said that 29 Ministers, 179 officers of the fighting forces, 283 civil servants, 11 Dominions representatives and 30 outside experts had worked on defense problems of all kinds, stimulated by the C.I.D., in the preceding year.

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them, but which they were to create. To achieve this meant the subordination of one or the other to a third, and, perhaps, the subservience of one or two of the Services to the primacy of the third. They were supposed to coördinate policy, and consequentially measures and supplies. But it was precisely at the points where coördination was grave and aroused bitter feeling, that peace was found by shelving hurtful proposals. As for a transcendent strategic plan, it could hardly come about by the free deliberations of the Chiefs, for it was etiquette that each should not criticize the conceptions of the other, and there was no single person, or a Cabinet above them, that could do better in terms of basic strategy. Was the Air Force to be independent? Was the Army Command to determine and coördinate air strategy? A decision on these matters would decide the type of aeroplane and the numbers to be built. Was the Coastal Command to be separate from the Air Force and the Navy—or to be at the service of the latter? How far would the Navy be able to carry on its duties without a special Fleet Air Arm? What should be the priority as between aircraft and tanks? And so on. All depended on a judgment of what kind of war was to be fought, and how soon.

It was, therefore, the connection between the experts in the Committee of Imperial Defence and the supreme policy-making instrument of the nation, the Cabinet, that was at fault. And the fault was largely a fault of personalities in the Cabinet. At a time when the virtues of a Lloyd George or a Churchill were wanted, since aggression without declaration of war had already commenced on the part of Germany and Italy, the country was served by Baldwin and Chamberlain. Baldwin was pacific owing to biological lethargy. He had declared that Britain should have an air force equal to any within striking distance, and that the frontiers of Britain were on the Rhine. Yet when he was proved to have neglected the steps necessary to implement these dicta, he confessed that he had been misinformed. He argued that he had no mandate for rearmament. He was unwilling that the industry and commerce of the country should be diverted from its wealth-

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producing function to war preparation until there were more cogent signs of the need. As for Mr. Chamberlain his political character was compact of cosmic ignorance and provincial romanticism. His provincial romanticism allowed him to believe that he could, on the basis of his own personal persuasiveness, and some jolly remarks about the expanding commerce of the world, induce Hitler to cease from being a perfidious homicide, and instead become a member of His Majesty's loyal Opposition, with Mr. Chamberlain in power.

Such men chose colleagues to match, and kept out those, like Churchill, who would not match. Such men failed to get the best out of the Committee of Imperial Defence, or to establish alternative potent instruments to prepare for war. It was only after three years of debate that the Parliamentary demand for a Ministry of Defence, that is, a Ministry which should actually be supreme over the three defense Departments, was met—but not satisfied. On February 27, 1936, Mr. Baldwin told the House of Commons that he had that day commenced a change in his relationship with the Committee of Imperial Defence. He was to be relieved by appointing a Deputy to act as Chairman of the Committee and the Cabinet Sub-Committee of Defence. This Minister would also be Chairman of the Principal Supply Officers Committee. The activity of the Chiefs of Staff would be encouraged and initiated by the Minister. On March 19, the Ministry for the Co-ordination of Defence was established, with a staff of the C. I. D. Everything turned on the ability of the man appointed to this post. To everybody's surprise the Attorney-General, Sir Thomas Inskip, was appointed, a very large, heavy, ponderous, clumsy man, a good Churchman, a principal protagonist in the Revised Prayer Book conflict, and undeniably loyal to Mr. Baldwin. A wag said that there had been no more surprising appointment since the Emperor Caligula had appointed his horse to be a consul. The Ministry was only a coördinating Ministry; and the Minister could not even attempt to coördinate because the government had not made up its mind on what kind of war there was to be, and how soon. In particular,

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Ministers were not prepared to put industry and commerce on a war footing.

Besides the Minister for the Co-ordination of Defence, there was another unit connected with the Cabinet that sought to keep Cabinet and the Fighting Services in touch. When the Abyssinian War was about to begin, the government had created a Defence Policy and Requirements Committee of the Cabinet. This consisted of the Prime Minister, the Foreign Secretary, and the three Service Ministers, and various assistants. The terms of reference were: "To keep the defence situation as a whole constantly under review so as to ensure that our defence arrangements and our foreign policy are in line and to advise the Cabinet and Committee of Imperial Defence in the light of the international and financial situation as to any necessary changes in policy or in the defence proposals." Of its activities nothing has yet been revealed to the public.

Further there were certain Cabinet Committees, headed by a Minister, such as one on Man Power, another on Oil Supplies, and that of the Principal Supply Officers, already mentioned, which came to be under the Chairmanship of the Minister for the Co-ordination of Defence.

Hence, there was not an entire want of integration between the center of political authority and responsibility and the military and other experts. But, once again it should be stressed that the will to wage war was lacking, and in nothing was this more evident than the repeated refusal of the government to create a Ministry of Supply in which would be located the task of supply for all the Services, with, therefore, the prospect of securing due priority. The Royal Commission on the Private Manufacture of Arms had, in an influential report published in 1936, recommended that the private manufacture of arms should continue to be the principal source of arms, but that the government should establish sufficient factories of its own in order to be able to set up efficiency and accountancy standards by which to judge the rest of the industry. It also urged that the coördination of private manufacture, and its control in the national interest, necessitated that "The Government should assume complete responsibility for the arms

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industry in the United Kingdom, and should organise and regulate the necessary collaboration between the Government and private industry; that this responsibility should be exercised through a controlling body presided over by a Minister responsible to Parliament having executive powers in peace-time and in war-time." Mr. Baldwin thought the Principal Supply Officers Committee, headed by his Minister for the Co-ordination of Defence, an ample response to this recommendation, arguing that a Minister of Supply would be powerless without the authority to take away supplies from ordinary economic operations, and as war was not yet expected there would be no justification for doing this. Furthermore, industry and commerce must be nursed not injured, since when war did eventually come financial strength must at the outset be unimpaired. At almost the last moment, Mr. Chamberlain established a Ministry of Supply (July 1939), with full powers to demand from any firm priority for the execution of government orders. But the scope of powers was too narrow, and the qualities of the lawyer, Mr. Leslie Burgin, who was appointed Minister, too meager, to remedy the situation.

II

On the outbreak of war a basic reorganization occurred. Added powers were given to Ministers, such as for Supply, and new Ministers were created.[3] The Committee of Imperial Defence was dissolved and its experts, individually or in groups, were directly dovetailed into the Cabinet machinery. The center of the machinery was, naturally, the Cabinet. It was expected that the peace-time Cabinet of twenty Ministers or more would give way to a War Cabinet on the Lloyd George model—that is, five men without Departmental responsibilities. Mr. Chamberlain did not adopt this course. He chose eight others to collaborate with him. They were the Chancellor of

[3] They were the Ministries of Supply (July 1939), Home Security, Food, Economic Warfare, Shipping (Oct. 1939), Information; additional powers especially went to the Home Office and Home Security, and the Ministry of Labour and National Service.

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the Exchequer (Sir John Simon); the First Lord of the Admiralty (Winston Churchill); the Secretary of State for War (Mr. Hore-Belisha); the Secretary of State for Air (Mr. Kingsley Wood); the Foreign Minister (Lord Halifax); the former Secretary to the Cabinet and the Committee of Imperial Defence, as Minister without Portfolio (Sir Maurice [now Lord] Hankey); the Minister for the Co-ordination of Defence (Sir Thomas Inskip, having demonstrated his incompetence, gave way to Lord Chatfield); and Sir Samuel Hoare, Lord Privy Seal.

As the months went by and the "phony" War afforded leisure for men to take stock of the lethargy and complacency of the Chamberlain Cabinet, the demand was again and again raised that there should be a smaller Cabinet, composed of more energetic and imaginative members. Parliament and the Press begged for this. Mr. Chamberlain's views on this subject were, however, that time was on the side of Britain and France (apparently without any effort on the part of himself and his colleagues); that the Ministry of Information's economic pamphlet, entitled *Assurance of Victory*, was an adequate answer to those who cried "Hurry!" Further, "some of those who have had long experience of Cabinet work, my Rt. Hon. colleague Lord Hankey, the First Lord of the Admiralty, and I myself, are agreed that it would not really save time or lead to quicker decisions if we had a Cabinet which was composed solely or mainly of Members free from Departmental work. In taking decisions it is impossible to ignore those who have to carry the decisions out. Ministers who have been responsible for the executive work must be there when the decisions are taken; they must express their views. . . ."[4] No doubt Mr. Churchill shared this opinion about the membership of the War Cabinet, for later he defended his own practice by almost identical words. But there is no doubt that Mr. Churchill would have had a very different story to tell regarding the spirit in which the Cabinet was run. There were, furthermore, conflicting views regarding

[4] *Debates*, May 7, 1940.

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the procedure and efficacy of the Lloyd George experience. While some witnesses spoke in terms of a kind of Olympian Five, others spoke of enormous meetings of experts, politicians and administrators with the Five lost in their midst.

Indeed, in matters of government, the will is first, and organization secondary. The rest of the governmental organization under Chamberlain reflects no singular competence. Under the Cabinet there were five main groups of committees: Home Policy, Civil Defence, Economic Policy, Priority Questions, and Military Operations and Intelligence. The Lord Privy Seal headed the Committee of Ministers concerned with home policy, including information, the social services, education, designed to secure care of the home front. The Civil Defence Committee was headed by the Minister for Home Security, Sir John Anderson, who had since November 1938 been entrusted with the task of organizing the Air Raid Protection services, after the weak hands of Sir Samuel Hoare had bungled the job. A number of Departments shared aspects of the Civil Defence services—the Ministry of Health, the Board of Education, the Mines and Factory Inspectors—and so coördination was necessary at lower than the War Cabinet level.

Thirdly, the Economic Policy Committee was headed by the Chancellor of the Exchequer. This was a most unfortunate arrangement both by reason of the dominance of the Treasury in terms of organization, and by reason of the character of the Chancellor. This very eminent lawyer is a man of unsuccessful political judgment, though a brilliant political advocate when the arguments are presented to him, whatever they are, and for whatever purpose. In this case it was essential that an economic mind, whether of one or several, should dominate the fiscal outlook of the Treasury, and bring about that direction and integration of the economic effort which would make men and resources promptly available, and immediately attack the grave problems of stabilizing prices and wages, and, by the reduction of consumption, establish and tap a fund of savings. The government instead set up two

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auxiliaries to the Chancellor of the Exchequer's Committee.[5] There was a Committee of Economic Survey, headed by Lord Stamp, on part-time service, and composed of academic and official economists, to take up and report upon problems *ad hoc* and incidentally. There was, secondly, a Civil Servants' Committee, the Chairman of which was Lord Stamp. Its membership was formed by the principal civil servants from Departments chiefly affected by the economic side of the War, plus members of the Economic Survey. This body concerned itself with the working out of the main commands handed down by the Cabinet. Their suggestions and proposals, as well as others brought in from time to time by its own members, were discussed and assimilated by the Chancellor's Economic Policy Committee, when Ministers could find time to attend. The result was that compromises were made to preserve the self-respect of Ministers, while all proposals went through the mill of the Treasury before they found their way to the War Cabinet. The channel of transmission, the Chancellor, was not himself above the battle. Hence a want of direction, an absence of the economic as distinct from the fiscal or economy outlook, the predominance of cheeseparing activities over breadth of understanding of total war; hence a variety of conflicting demands upon the public—to spend as usual, to save, and, too late, a beginning with rationing, so that important stocks were consumed and prices rose with consequential demands for increased wages. There was a dire want of economic grip, and the nation suffered badly from it as soon as the heavy demand for equipment, effort and sacrifice came from the fall of Norway onward.

Fourthly, the Ministerial Priority Committee was presided over by the Minister for the Co-ordination of Defence. It had as sub-committees, Labour, Materials, Production Capacity, Transport, and Works and Buildings. The Committee was composed of the Ministers of Labour, Supply, Transport, etc. The Parliamentary Secretaries to these Departments were Chairmen of the Sub-committees. The Priority Committee

[5] *Parliamentary Debates*, Oct. 9, 1939, cols. 28, 29.

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was serviced by a General Secretariat in the Ministry of Supply known as the Central Priority Department. The Ministers would have their demands to make on supplies and priority according to the command for action from the War Cabinet. Their representatives would then inform the Central Priority Department, which would coördinate demands and allocations by the Committee. The Committee was the arena in which major disagreements, not soluble by the priority officers of the Departments, were settled in some manner. In some manner! The whole machinery was full of friction, because the directing Cabinet was both slow and unsure of its strategy; and strategy is the first condition of priority.

The Committee on Military Operations and Intelligence did duty for the center of strategical inspiration. It had two divisions: the Standing Ministerial Committee on Military Co-ordination and the Chiefs of Staff Committee. The former was composed of the Minister for the Co-ordination of Defence (Chairman), the heads of the three Fighting Services, and the three Chiefs of Staff as advisers. The former was "to keep under constant review, on behalf of the War Cabinet, the main factors in the strategical situation, and the progress of operations, and to make recommendations from time to time to the War Cabinet as to the general conduct of the war." The latter was "to advise the War Cabinet in any matter affecting or affected by the military aspect of the conduct of the war, and to investigate and consider in common all matters referred to the Committee by the War Cabinet." The Joint Planning and Joint Intelligence Staffs sat in continuous session with the Chiefs of Staff on this assignment. They sometimes reported direct to the War Cabinet, but often through the Ministerial Committee before or after presentation to the War Cabinet.

What were the faults of this organization? We have already mentioned one, the domination of the Treasury over the economic side of the war effort, with the consequent want of a well-concerted economic policy. There were demands by the House of Commons for a Minister for Economic Affairs or a Ministry of National Resources. But they were jokingly and

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petulantly put off by the Minister, Sir John Simon, whose own jurisdiction would thereby have suffered. His argument went that it was the whole Cabinet in full solidarity which surveyed and directed the economic effort: that he alone was not responsible, and that Cabinet procedure encouraged the full participation of all Ministers in proceedings, whatever their individual responsibility.[6] Hence no *special* responsibility for economic effort was required.

The second fault was that between the individual branches of administration represented by the names of the groups of Committees and the War Cabinet itself, there was no intermediate coördinating element. There were certain matters which needed the combined attention of Home Policy and Economic Policy Committees, many more which required the concerted activity of Home Policy and Civil Defence. But such coördination, or appeals from the aggrieved Ministers who could not persuade their colleagues of their rights, came to clutter up the War Cabinet. The precedent of the Committee of Imperial Defence was followed, so that a proliferation came about, the separatist and fragmenting tendency of which was supposed to be overcome by "coördination". It is highly probable that the prince of Committee secretaries, Lord Hankey, was responsible for this arrangement.

There would have been not too much damage caused by the pattern of the mechanism, if only the requisite of decentralization of thought had been met by a centralization of inspiration and energy of direction. If there was to be coördination there must be a purposeful sagacious coördinator. This by status was the Prime Minister; but this by person was Mr. Chamberlain. Nor was that all. The men in the responsible positions were almost all relative failures in earlier jobs, or men whose previous jobs were not really qualifications for their new ones, least of all in time of war. To be Minister of Shipping, the aged Sir John Gilmour was, to the deadly astonishment of even

[6] *Debates*, Oct. 18, 1939: "Decisions in the economic field are often integrally connected with political policy, diplomatic policy and military policy, and it is for that very reason that . . . I question whether it can be treated quite so much in a compartment."

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Mr. Chamberlain's friends, brought out of the retirement, to which an earlier failure as Home Secretary (1932-35) had fully entitled him! This meant that the best that could be done for Britain's greatest war shipping expert, Sir Arthur Salter, was to make him Parliamentary Secretary to Sir John. It also meant control by the shipping interests. Lord Perth, formerly Ambassador to Italy, whose mission also had failed, had been entrusted to lay the foundations of a Ministry of Information just before the War began; later servants of that Department did not express joy over the quality of his achievement. Lord Macmillan, a talented Lord of Appeal and jurist and Chairman of Royal Commissions, was its first Minister. His high talents were by no means appropriate to its needs. There followed Sir John Reith—whose capacity for understanding public opinion had not been especially well exemplified in his directorship of the B. B. C. nor in the management of his own staff there. The Minister of Air was cherubic, but had less comprehension of air warfare than of Conservative machine politics. Sir Samuel Hoare had failed in his waltz with Mussolini and Laval; from the position of Lord Privy Seal he later became Secretary for Air, when it was freely said that a much earlier tenure of that same office had been a failure.

Within a few months Parliament began to grow restive. An electoral truce—that bye-elections would not be contested by House of Commons parties—was also a modified party truce. At first, the House had been content to hear Mr. Chamberlain's colorless weekly statements on the War, coming from him as a dutiful chairman of a company to his shareholders. An increasing *malaise* was experienced. It was suppressed by the loyalty of Mr. Chamberlain's back-benchers, and the deft efforts of the Chief Whip, Captain David Margesson, who had browbeaten, sneered and "honoured" his droves into the Division Lobby since 1924. The Opposition—Labour and Liberal—began pressing the government on the Ministry of Information, the Ministry of Supply, on some unsavory appointments to the Civil Service made possible since the system of competitive examinations under the Civil Service Commission had been suspended for the duration of the war,

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on economic mobilization, the control of prices, the general want of concentrated and directed effort, food supply, agriculture.

One unfortunate result of the weakness of the War Cabinet was a loss of tone in the civil service.[7] The British Constitution operates on the principle that drive and creativeness must come from the Ministers, while civil servants supply the knowledge, suggestion, and the proffering of alternatives. But suppose Ministers are incapable of wanting their services? Then the civil service runs down, is uncertain of itself, hesitates and, while waiting for the tide to flow, loses itself in minutiae. These were the symptoms of the creeping disease of 1939 and early 1940; and Parliament and the Press were full of complaint.

It is noteworthy that on the very day that Hitler's troops were set upon Norway, the Prime Minister appeared before a Conservative Party Conference to make a speech, explaining that he could spare the time because all was quiet beyond the Rhine, and that he himself was feeling quite well! After Norway the decrepit leadership was swept away in a howl of Cromwellian rage. Even forty-three government supporters, nearly all Privy Councillors out of office or in the Forces, voted with the Opposition. Fifty-three of Mr. Chamberlain's still obstinate majority of eighty-one were Ministers and Whips. Two things were now possible: to reorganize under a new leader, and to introduce new personalities. These would now include Labour and Liberal leaders who had hitherto declined to serve under the defeated Prime Minister. How right the event had proved them to be! Had they served with him they could not have escaped permeation by the third-ratedness which he seemed always to throw off. Before the debate, Mr. Chamberlain, anticipating trouble, made a move the astuteness of which would have won him praise in municipal circles. He appointed Mr. Churchill as Chairman of the Military Co-ordinating Committee, and, at the latter's insistence, had endowed him with the authority to give guidance

[7] *Cf.* Herman Finer, "The British Civil Service and the War", in *Public Personnel Review*, July 1941.

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and direction to the Chiefs of Staff Committee. Thus, there was a last-minute approach to centrality of strategic direction.

Mr. Churchill's government was formed on May 11, 1940. His War Cabinet, in which he served as Prime Minister and Minister of Defence, was then composed of five members. His assumption of the position of Minister of Defence at last consummated that unity of strategic leadership which had been demanded by the House of Commons, had been evaded by the appointment of a Minister for the Co-ordination of Defence, and approached by the placing of Mr. Churchill in direct authority over the Chiefs of Staff Committee. There were four other members of the Cabinet. Mr. Chamberlain became Lord President of the Council, since he was still leader of the Conservative Party. Lord Halifax remained Foreign Minister. The two Labour leaders entered: Mr. Attlee as Lord Privy Seal, and Mr. Greenwood as Minister without Portfolio. Other leading posts in the government were filled by Mr. Alexander (Labour, Cooperative Societies), First Lord of the Admiralty (held also 1929-1931); Sir Archibald Sinclair (Liberal leader), Air Minister; Aircraft Production (a new Department), Lord Beaverbrook (a Conservative free-booter); Economic Warfare, Hugh Dalton (Labour, economist); Food, Lord Woolton (a department-store company director); Information, Mr. Duff Cooper (Conservative and Churchillian); Labour, Mr. Bevin (Labour, Trade Union leader); Supply, Herbert Morrison (Labour and London County Council); Transport, Sir John Reith (just out from the Ministry of Information); Treasury, Kingsley Wood (Conservative office holder for years); War Office, Anthony Eden; and India, L. S. Amery.

A new spirit entered into the operation of Executive and Parliament. It is summed up in the last words of Mr. Churchill's "blood, toil, tears, and sweat" speech. "You ask, what is our policy? I will say: It is to wage war, by sea, land, air, with all our might and with all the strength that God can give us. . . . That is our policy. You ask, what is our aim? I can answer in one word: It is victory, victory at

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all costs, victory in spite of all terror, victory, however long and hard the road may be. . . ."

On June 4, 1940, the organization of the government took the following shape. The operations of the government were divided roughly into three fields: Foreign Policy, Economic and Home Affairs, and Defence. The contact of the Foreign Minister with the Cabinet was direct, that is to say there was no devolution to an advisory committee. But in the other two cases there was devolution; and in the field of Economic and Home Affairs the breadth required a committee of coördination between the various branches and committees thereof, and the War Cabinet. The Prime Minister and Minister of Defence was and is the supreme director of strategy, at the head of the Defence Committee which is composed of the Ministers of the three Fighting Departments, and the Chiefs of Staff, Planning and Intelligence, etc. From this comes the major plan of world-wide operations and the derived principles of priority of supplies, economic rearrangements, etc. The flow of command is downward through the Chiefs of Staff and the Fighting Ministers, and upward to the Cabinet. There, other points of view are put and combined with the purely military. From the War Cabinet there then descends a stream of directions to the individual Departments. From the Departments ascends a stream of proposals and reports of accomplishment, appeals, and jurisdictional complaints. The individual Departments are concerted in their major policies under Ministerial Committees; and above these is another Committee of principal Ministers. The title and composition of the committees may be seen in chart A. The superior coordinating committee was composed of the Lord President of the Council, Mr. Chamberlain (Chairman), Mr. Attlee and Mr. Greenwood, and the Chancellor of the Exchequer. There was misgiving in Parliamentary circles over the assignment of this chairmanship, excepting among Mr. Chamberlain's partisans, still perhaps a majority of the House of Commons, by no means warm to Mr. Churchill, as yet.

In this phase the Ministerial Economic Committee had thus been abandoned—so that the Chancellor of the Exchequer was

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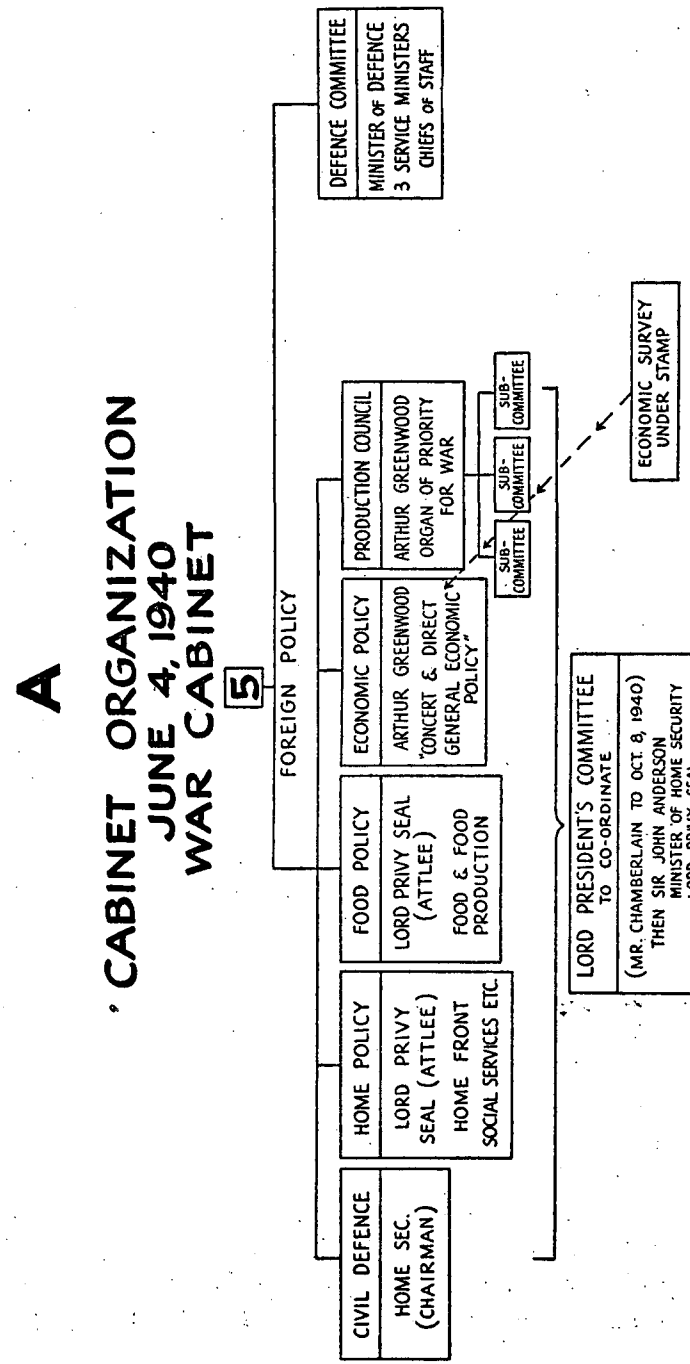

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no longer its sponsor and master, but merely a member of the Economic Policy Committee under the chairmanship of Mr. Greenwood. The auxiliary body to advise on economic co-ordination now rendered special aid to Mr. Greenwood's office. The auxiliary body now came to consist of the Survey of Economic and Financial Plans, presided over by Lord Stamp, together with the economic staff at the disposal of the Ministerial Committees dealing with economic and related subjects. It makes digests of statistics of war effort, secures progress reports from the Department on the effectuation of economic decisions reached by Ministerial Committees. This body sees most of the chief correspondence passing to and from the War Cabinet, and intervenes with advice and memoranda—at first to Mr. Greenwood, but since the changes of January 11, 1941, to be discussed later, to the Chairman of the Co-ordinating Committee over Economic and Home Policy. It is quite an effective organ of thought, stimulation, admonitory comment and initiative.

In this arrangement very much depended upon the chairmanship by Mr. Greenwood of the Economic Policy Committee and the Production Council. Mr. Greenwood was not innocent of economics, since he had as a young man been lecturer on this subject at Leeds University, and was later Secretary of the Labour Party Research and Information Bureau, and, besides a period as Assistant Secretary to the Ministry of Reconstruction (1917-19), was author of several works in social economics. But what was required for the particular position was determination and forcefulness, especially in the matter of urging forward supply, which for the Army was in the hands of the Ministry of Supply, and the speedy reduction of civilian consumption to release men and materials for war production. Forcefulness, based upon a clear policy of priorities was necessary, more especially because Mr. Bevin, the Minister of Labour, had his own strong views against the compulsion of labor, while on the Production Council, the demands of Lord Beaverbrook, Minister of the newly created Ministry of Aircraft Production, were exigent. Mr. Greenwood's methods were conciliatory and tentative; they pro-

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ceeded by the attempt to effect compromises. But if these were successful, they were inappropriate to the situation; and if they were unsuccessful, they might result in lopsided development, and in some cases inaction. No one was a match for the fierce piratical raids of Lord Beaverbrook. His unorthodox conference methods produced the aircraft—a vital matter. But they did not seem to spur on the necessary proportionate adjustments in all the other fields of supply requisite to the equipment of the Army, and the prompt provision of more ships. Nor was the problem of inland and overseas transport regarded as a whole.

Within a couple of months the House of Commons had got over the atmosphere of honeymoon, and the tension and conditional silence of "the darkest hour". It began again to pursue the government with a persistent, tenacious, constructive questioning. The normal Opposition had gone (as explained later in this article); a new one arose from among the more independent back-benchers of all parties. By the late autumn of the year 1940, the House made known its clear dissatisfaction on the economic and supply side of the war effort. Mr. Churchill took note of this and on January 7, 1941, reorganized the more specifically economic branches of the Economic and Home Policy side of the governmental organization. Its nature will be discerned from chart B.

Some explanation must accompany this. By this time the War Cabinet had grown in numbers and changed in personal composition. Mr. Chamberlain had resigned on October 8, 1940. His place as Lord President of the Council in the Cabinet and as Chairman of the Co-ordinating Committee was taken by Sir John Anderson. There is no doubt that Mr. Churchill must have been impressed, either by direct observation or by repute, by Sir John's great administrative qualities. He was one of the brilliant civil servants who emerged at the beginning of the century in the galaxy which included Sir Warren Fisher and Sir Robert Morant. After making a remarkable name for himself at the Home Office, he was sent out to Bengal as governor at a time of special trouble. There again he made his mark, and narrowly escaped assassination.

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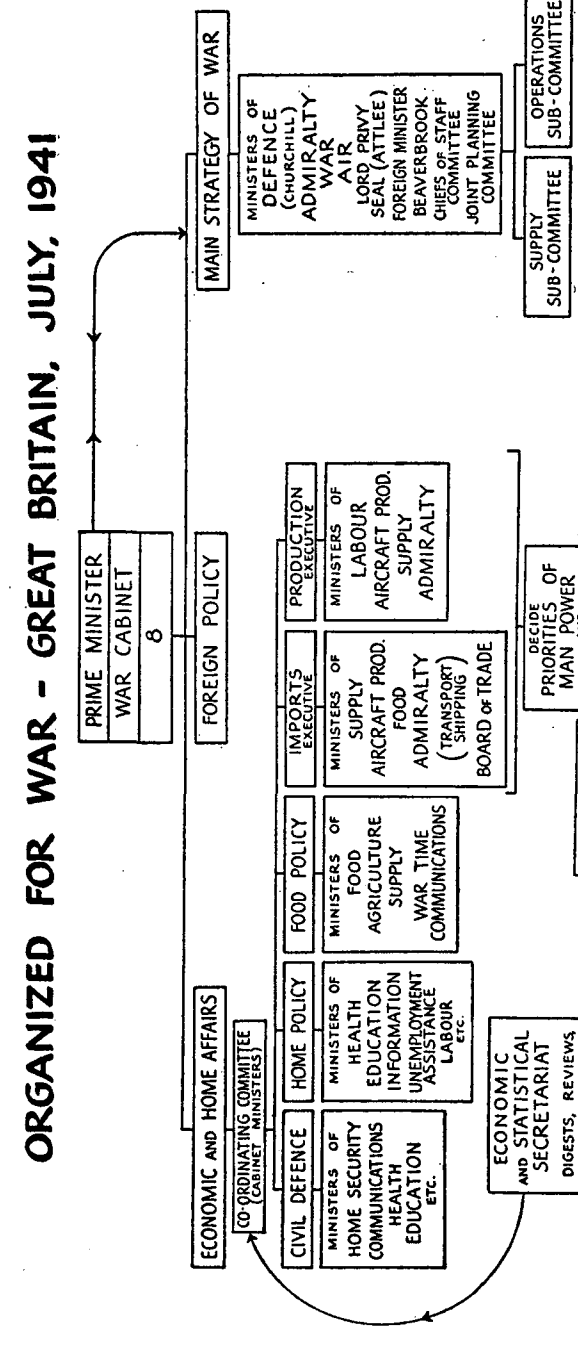
B


ORGANIZED FOR WAR - GREAT BRITAIN, JULY, 1941
PRIME MINISTER
WAR CABINET
8
MAIN STRATEGY OF WAR
MINISTERS OF DEFENCE (CHURCHILL) ADMIRALTY WAR AIR LORD PRIVY SEAL (ATTLEE) FOREIGN MINISTER BEAVERBROOK CHIEFS OF STAFF COMMITTEE JOINT PLANNING COMMITTEE
SUPPLY SUB-COMMITTEE
OPERATIONS SUB-COMMITTEE
FOREIGN POLICY
ECONOMIC AND HOME AFFAIRS
CO-ORDINATING COMMITTEE (CABINET MINISTERS)
CIVIL DEFENCE
MINISTERS OF HOME SECURITY COMMUNICATIONS HEALTH EDUCATION ETC.
HOME POLICY
MINISTERS OF HEALTH EDUCATION INFORMATION UNEMPLOYMENT ASSISTANCE LABOUR ETC.
FOOD POLICY
MINISTERS OF FOOD AGRICULTURE SUPPLY WAR TIME COMMUNICATIONS
IMPORTS EXECUTIVE
MINISTERS OF SUPPLY AIRCRAFT PROD. FOOD ADMIRALTY (TRANSPORT SHIPPING)
BOARD OF TRADE
PRODUCTION EXECUTIVE
MINISTERS OF LABOUR AIRCRAFT PROD. SUPPLY ADMIRALTY
ECONOMIC AND STATISTICAL SECRETARIAT
DIGESTS, REVIEWS, SURVEYS, WORK AND PROGRESS OF ALL DEPARTMENTS THROUGH CO-ORDINATING COMM.
DECIDE PRIORITIES OF MAN POWER AND PRODUCTION
MINISTRY OF LABOUR
MINISTRY OF SUPPLY
INDUSTRIAL CAPACITY
TRANSPORT
MAN POWER
MATERIALS AND PRODUCTION
WORKS AND BUILDINGS

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On his return to England, he entered politics at the invitation of Mr. Chamberlain, to organize civil defense, which had been muffed by Sir Samuel Hoare. His work in this field has been much criticized because it rejected the principle of "deep shelters". Apart from this, however, there is no doubt that he wrought well. He is no House of Commons man, partly by temperament, perhaps by civil service habit of mind, and certainly after the exercise of absolute rule in India. This tall, heavy, grave, long-faced Minister, devoted to the public service as only those who were launched in the Victorian era in Britain could be, is, in fact, the right-hand man of Churchill in the sector of economic and home policy. He has not the emotional, rhetorical, imaginative qualities of Churchill —the two are as different as can be.

Other members of the Cabinet were the Foreign Secretary, the Chancellor of the Exchequer, Mr. Bevin as Minister of Labour, the Minister of Air Production, and Messrs. Greenwood and Attlee. On the assumption of the office of Ambassador to the United States (December 23, 1940), Lord Halifax remained a member of the War Cabinet, but Mr. Eden, on becoming Foreign Secretary, also became a member. It will therefore be seen that the smaller War Cabinet of Five has given way to a Cabinet of Eight with four of the members, and five if the Prime Minister is included, occupied with Departmental cares. This number and the Departmental involvements have again and again been criticized in the House of Commons as not conducing to the highest efficiency. But Mr. Churchill has rejected with great firmness all proffered suggestions of change. His principle may be given in his own words:

> We make altogether eight, and yet we hold a great many of the key offices in our body. I think it is better to work in this way than to have five Ministers entirely divorced from their Departpartments, because that means that when a discussion has taken place in the Cabinet, the leaders of these Departments have to be summoned, and the whole business has to be gone over again in order to learn what it is they think they can do and to per-

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> suade them and convince them that it is necessary to do what has been decided upon.[8]

The system of Lloyd George may have suited Lloyd George, but Mr. Churchill is entitled to the organization which suits him. The House of Commons is still not satisfied that a better War Cabinet is not to be had—whether in personnel (in particular Sir Kingsley Wood) or in terms of smallness and immunity from Departmental responsibilities. But opinions on this latter question, whether held by M.P.'s or the Press or constitutional theorists, can be only rather abstract and based on guess work.

It will be seen that the Economic Policy Committee and the Production Council gave way to the Imports Executive and the Production Executive. This meant that the Economic Survey and Sir John Anderson's Co-ordinating Committee together did the work that should have been done by Mr. Greenwood's Committee. In April 1941, Lord Stamp's Economic Survey came to an end—so that there was a regular Department of university, official, and other economists, forming the thinking and occasionally initiating staff for Sir John.

The Import Executive, whose work may readily be guessed, was composed of the Minister of Supply as Chairman, the Minister of Aircraft Production, the First Lord of the Admiralty, the President of the Board of Trade, the Minister of Food, and, to render necessary aid as and when required, the Ministers of Transport and Shipping. The Production Executive consisted of the Minister of Labour as Chairman, the Minister of Aircraft Production, the First Lord of the Admiralty, the Minister of Supply, the President of the Board of Trade. Two things need to be said of this arrangement. In the first place, what were previously Councils or Committees are now called Executives. Why? The intention was that so far as possible the contestants for supplies, or shipping space, should come to an understanding which would have executive effect, without the Co-ordinating Committee or the War Cabinet being called in too often as referee; and it was hoped that the

[8] *Debates*, Jan. 22, 1941.

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knowledge that there would be executive effect would cause men of common-sense character and patriotism to come to agreements appropriate to the situation. That is, at least, what Mr. Churchill hoped. Events have shown, however, that differences may still exist; and that even the Co-ordinating Committee cannot solve them all. This, again, we shall take up presently.

The second point to be noted, and it was duly voiced by the House of Commons, was the immense burden thrown on some of the members of the War Cabinet, or the committees under this system. For example, the Minister of Labour has War Cabinet duties; he has a place on the Co-ordinating Committee; he is Chairman of the Production Executive; and he has his Departmental duties in the Ministry of Labour and National Service, and these pervade the whole field of labor of some twenty million people. When Beaverbrook was Minister of Aircraft Production he had almost equally heavy multiple duties. But can some such situation be avoided, or even appreciably ameliorated? It is the War, not the system, that imposes the strain. If there is an attempt to lighten it by decentralizing among a larger number of persons, there is raised the very serious question of thereafter coördinating their separate efforts. There will, therefore, constantly be an uneasy balance between these alternatives; always shifting with the qualities of the men, and the urgencies of the strategical situation. Further changes have been made; we come to them shortly.

Thirdly, it will be noticed that the chief sphere of Mr. Greenwood's activities has been cancelled. He and Mr. Attlee, the Chancellor of the Exchequer, Mr. Bevin, the Minister of Home Security, Mr. Morrison, and the Minister of Supply are the members of the Co-ordinating Committee of Economic and Home Policy. As for his personal portfolio, to him was assigned the task of preparing the way for post-war reconstruction, with the idea that at some future time he may head a Ministry of Reconstruction. He is working with a very small staff, and through Mr. G. D. H. Cole, now Director of the National Institute of Social Research at Oxford.

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Neither the Press nor the House of Commons thought that these changes would suffice, but they were prepared to try them. The defeats in Libya, and the disasters of the Balkans, brought matters to a head. There were two counts of criticism. Britain had not perhaps the proper strategy; and Britain certainly was not equipped as she needed to be to avert disaster. These matters once again raised the issues of the shape of the War Cabinet, and the problem of priority.

On May 2, 1941, to anticipate House of Commons criticism which was rising to a head with bad tidings from the Mediterranean, Mr. Churchill took Lord Beaverbrook away from the Ministry of Aircraft Production and made him Minister of State. The new position, within the War Cabinet, was designed to relieve Lord Beaverbrook of Departmental functions, and to make available to Mr. Churchill his general intelligence as part of a war council. Also it was perhaps to relieve his colleagues and competitors in the Production Council of too formidable a claimant. However, the change did not cease at this point. On May 7 there occurred a critical House of Commons debate on the Greek defeat. Mr. Lloyd George pursued Mr. Churchill with the claim that a real war council was needed; and, especially since Mr. Churchill was brilliant, argued that "he needed a few more ordinary persons to look after him . . . somebody against whom he could check his ideas and who was independent and would stand up to him." This sally received the laughter its author hoped for. But Churchill again gave a reasoned defense of his organization—more enthusiastic than of the persons around him. No doubt he too would appreciate a few more capable colleagues. He put the disasters down to a want of equipment, due to pre-war slackness—as well as the need, in sheer honor, to go to the assistance of the Greeks, whatever the military consequence. As for having men to say him nay, as Lloyd George had suggested,

> He has no idea how strong the negative principle is in the constitution and work of the British war-making machine. The difficulty is not to have more brakes put on the wheel. The

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> difficulty is to get more impetus and force behind it. At one moment we are asked to emulate the Germans in their audacity and vigour and the next moment the Prime Minister is being assisted by being surrounded by a number of "No men" . . . to resist him at every point and prevent him from making anything in the nature of a speedy, rapid, and above all positive constructive decision.[9]

Mr. Churchill explained that for several months the Defence Committee had been working with him, the Chiefs of Staff, the three Ministers of the Fighting Services, the Foreign Minister, the Lord Privy Seal (Mr. Attlee), and Lord Beaverbrook. They met very frequently; and at the War Cabinet meetings the three Ministers of the Fighting Services were often present. Thus there was a pretty close concentration of strategic authority, not without adequate numbers of colleagues and diverse experience and interest to check any headstrong and arbitrary policies.

A few days later there were secret sessions of the House on economic warfare and the production of munitions. Shortly thereafter, the Select Committee on National Expenditure issued its Report on Priority. On May 20, 1941, it was announced that Lord Beaverbrook, besides his work in the War Cabinet, would be the Deputy Chairman of a section of the Defence Committee which gave its mind to supply; while Mr. Attlee would be Deputy Chairman of that section which concerned itself more particularly with operations. Lord Beaverbrook was also made Referee over Priorities. Still there was no ease. On June 29, a further change was made: Lord Beaverbrook supplanted, as Minister of Supply, Sir Andrew Duncan, who had held this office since September 1940. Beaverbrook still remains in the War Cabinet, but his Defence Committee duties cease, as well as his Refereeship. It may be that the transfer to the Ministry of Supply is the beginning of a movement which may end, not in a complete unified Ministry of Munitions Production (that would be unworkable), but in personal relations which will counterbalance the distribution of

[9] *Debates*, May 7, 1941.

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several functions of supply among the Service Ministries and the Ministry of Supply. Already on July 9, the Production Council was given an auxiliary — the Central Joint Advisory Committee to the Production Executive, consisting of twelve employers' and twelve Trade Union Council representatives. It is to advise on general production difficulties (not wages or conditions in individual industries). At the very center, it must be remembered, is Mr. Churchill, at the head of the Defence Committee and the Cabinet. It is at this human pivot that the choices of material and months are integrally dictated, the Cabinet approving. It will be observed also that for the first time the Minister of Supply is a member of the War Cabinet—one more strand of integration.

There have, of course, been various retirements and new appointments to Ministries. They cannot be recorded or discussed here. My own belief is that there is an overwhelming and happy acceptance of the leadership of Winston Churchill, and a belief, rightly founded, in his talents and the capacity to lead Britain to victory. There is no one in England who begins to come near to him in stature, and the power to evoke devotion to the national cause. This does not mean that all his colleagues are such as he would have chosen if there had been others to choose from; or if the party constellation were not such as to rule out obvious misfits. Nor does it mean that the House of Commons cannot and does not make a powerful contribution to victorious action by its surveillance and admonitions. To its exercise we now turn our attention for a moment. We may say, before we turn to this theme, that Mr. Churchill has addressed two special admonitions to the civil service: asking for simplified procedure, speed and less palaver. A stream of energy has been injected through the apparatus.[10]

III

In the debate of January 22, 1941, already referred to, Mr. Churchill declared, with the deep sincerity of a genuine House of Commons man:

[10] See Finer, *loc. cit.*

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> I think I have said before that to try to carry on a war, a tremendous war, without the aid and guidance of the House of Commons would be a superhuman task. I have never taken the view that the Debates and criticisms of this House are a drag and a burden. Far from it. I may not agree at all with the criticism—I may be stunned by it, and I may resent it; I may even retort—but at any rate Debates on these large issues are of the very greatest value to the life-thrust of the nation, and they are of the very greatest assistance to His Majesty's Government.

What an enormous difference from Mr. Chamberlain's peevishness when under criticism, even the most temperate; how wide the gulf between this attitude and that of the former Prime Minister to whom any criticism of his administration was regarded as a "fouling of our own nests" by members of the Opposition.

The House of Commons has acted worthily in the midst of great difficulties. The House is still founded upon parties, and therefore great self-restraint has to be exercised by members in order that the temper of members and Ministers may not be frayed by a partisan note which will ruin attention to the merits of the proposition being discussed. Secondly, the electoral truce made in the early days of the war has thrown back on members of the House the task of keeping themselves fresh as the interpreters of public opinion, although they have no quickening by the usual advent of new members from bye-elections. Thirdly, the House cut itself off from the electorate, to some extent, by prolonging its own life, which should have come to an end at the conclusion of its five-year term in November 1940. On its discussion of the Bill which prolonged its life by one year, Mr. Hore-Belisha, for several months then out of office, stated the position of the House with great wisdom and moderation.

> If [he said] we have deprived the electorate through *force majeure* of its rights and opportunities, and have arrogated to ourselves a new authority we ought in recompense to act in all respects as if we had been revitalised and refreshed, like any other new parliament, by contact with the polls. . . . We are

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> giving ourselves a new mandate, which is presumably to play our part conscientiously and wholeheartedly in the winning of the War, and to see that it is conducted thoroughly by every means. That is from now on our mandate.[11]

It is as a Council of State, acting with reasoned argument, but not yielding to the Executive in its zeal for military efficiency, economic sacrifices, and civil liberties, that the House has operated from the beginning of the War—in spite of the difficulties. These difficulties are fivefold. (1) The House sits only three not five days in the week. (2) There are restraints on debate necessary to prevent useful information falling into the hands of the enemy. (3) Some questions may not be asked, or even put on the Order Paper, lest they give away information to the enemy. (4) There is an official Opposition, but the opposition is unofficial. (5) A large number of members have taken government positions, or are in the armed forces.

A word or two may be said on these matters before we estimate the character of House of Commons activity and war service. The shortness of the sessions cuts down the amplitude of debate, and necessarily reduces the number of questions asked of Ministers. The need for restraint on debate has given rise to secret sessions. During the last War there were very few secret sessions. But the nature of the present War, the ubiquity of enemy agents, and the speed of the reconnaissance planes have made the government fear to debate certain matters in public, matters which were not of such importance in the last War—for example, aerial attack, civil defense, shipping matters, the blockade. At times the House of Commons has been more concerned for secrecy than the government; and then, when it seemed that no rousing of the government could be otherwise secured, or public opinion mobilized, members have asked for and received open debate—but not always, for the Cabinet has had to consider the safety of the realm as the first principle. Yet it must not be believed that all important debates have occurred in secret. The volume of Parliamentary

[11] *Debates*, Oct. 23, 1940.

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debates is very nearly as fat as in peace time. Every important issue has been amply ventilated in the House in hot and frank debate. Furthermore, not even the closest students of Parliamentary affairs can say today, after some score of secret sessions since the War began, that they know what was disclosed at the debates and what was the course of the discussion.

Thirdly, there is an unwritten but acknowledged limitation on Questions. Its advent appeared in a House of Commons discussion on August 15, 1940. The Prime Minister said that he was glad that Questions in the form which gave away to the enemy matters which are essentially secret, and are against the public interest, are not accepted by the Clerk at the Table, and that he thought that the views of Ministers would be considered in that respect. Yet, again, the extent to which this has affected the disciplinary and harassing power of Questions is indeed small. The student of Parliamentary proceedings will still find sixty or seventy oral Questions and answers, together with a very large number of searching and sometimes stinging supplementaries each day. And there are the written answers, also.

When the Labour and Liberal Parties joined the government a real Opposition ceased to exist. It is true that the Rt. Hon. H. B. Lees Smith was made Leader of the Opposition—but so artificial was the status that the salary of the post was suspended. And, in fact, the holder of the position is no more than the vehicle for arrangements for debates and other business made through him, and several of the Labour and Liberal Party leaders, and the Whips of all parties. He and his friends are really part of the government. The Speaker has declared that the Opposition Bench may be occupied by those of any Party who have held office in previous governments.[12] The result has been the growth of a non-official opposition, or "ginger" group, not connected by party ties or doctrine, but a collection of capable individuals, mainly back-benchers, Labour Party side. Their names are Emmanuel Shinwell,[13]

[12] *Debates*, May 25, 1940.

[13] Labour; Durham mining and port constituency; former seamen's organizer.

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Aneurin Bevan,[14] Clement Davies,[15] Earl Winterton,[16] Herbert Williams,[17] James Griffiths,[18] Hore-Belisha, but the majority with past experience of office. Sometimes individually, and sometimes in concert, they have constituted themselves into a band of independent thinkers and critics, demanding debates, asking questions, interrupting speeches, but acting (with some uncontrollably cubbish asperity and aberration on Earl Winterton's part) in the spirit of the speech of Hore-Belisha, quoted above. They were able to elicit sufficient information to form the basis of their campaigns from answers to Questions, from the information obtained from the Departments, from the revelations in the Press, from their constituents, from aggrieved persons, from their colleagues on the Select Committee on National Expenditure, to which some reference will be made again later. They have performed a notable service.

Finally, many members of the House have taken up public duties. About 120 members are in the armed forces; about 150 have administrative appointments of various kinds (though only three of these accepted payment); while there are 75 Ministers of various grades, and 75 Parliamentary Private Secretaries, and certain others in the entourage of Ministers—indeed, a large number in the House of 615. Yet, extraordinary as it may sound, there are still more than enough, especially among the officers of the forces, who from time to time return to raise their voices to bitter plaints or swelling cheers. And the government, seemingly cushioned by so many partisans, still trembles for its place and its prestige! Indeed, it was not until December 1940 that Captain Margesson, the Conservative Whip (Harrow, Cambridge, the Hussars, the Carlton, the Turf), whose activities in support of Baldwin and Chamberlain frustrated the acutest efforts to prepare England before 1939, was transferred to office, as Secretary of

[14] Welsh miner.

[15] Liberal National; very distinguished lawyer.

[16] Conservative; South Coast resort; erratic; not distinguished in office.

[17] Conservative; director of electrical utilities.

[18] Labour; S. Wales trade union organizer.

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War. The general opinion of the House ousted him from his disciplinary office which he had served so well during the years when, as Churchill said, "one healthy growl" would have saved the country from her dangers. On November 12, 1940, one of the best of the Conservative independents, Captain Vyvyan Adams, made an onslaught upon him of a searing nature rarely heard in the House—"the presence still of the right hon. and gallant Gentleman at the centre of power [after the aerial blasting of London] seems to me to be a fact of cardinal constitutional indecency". The spirit of a free assembly, sure of its place and settled in its duty and conscience, burns unwaveringly.

The House has, therefore, insistently concerned itself with three things: Liberty, Equality and Efficiency.

Its first war service in behalf of liberty was its rejection of the Defence Regulations introduced by Sir John Anderson in November 1939. At the instance of Mr. Dingle Foot, a Liberal member from the West Country, the House refused to entertain the regulations drafted with a view to efficiency only. The Home Secretary had to concede their reconsideration by himself and an all-party committee. It is impossible in the present context to survey the debate, but some of the principal legislative results were as follows. "Detention on suspicion" was made subject to its application only to "persons of hostile origin or association," or "recently concerned in acts prejudicial to the public safety." The prohibition on propaganda "prejudicial to the defence of the realm" or "the efficient prosecution of the war" was limited to "the use of false statements and reports" and "the conscious endeavour to influence public opinion wrongly." In place of the phrase "to endeavour to cause disaffection" among those in H. M. Forces, the words "to seduce from their duty", or "cause disaffection likely to lead to breaches of their duty", were substituted. A power of unlimited Press censorship was fully annulled. Indeed, the care with which the House amended the Regulations and its continuing vigilance resulted in a remarkably small number of detentions, etc., considering the

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nature of the present War and the example of Quislings and Fifth Columnists. Here are the figures (end of April 1941):

Newspapers banned	2 (Communist)
Creating alarm and despondency	105 tried
(20 imprisoned one day to 3 months; 51 fined) 29 cases dismissed	
Hampering prosecution of war	4 cases
(2 imprisoned 3 months; 2 fined)	
Hostility to national purpose	929[19] detained
(among whom 300 Italian origin, 300 British Union of Fascists, 270 hostile origins and associations).	

Similar care was exercised when in June 1940, as invasion was expected, the problem of Court Martial with the power of death sentence arose. The area of the Court's jurisdiction was limited. Appeal to the Supreme Court was enacted. Again, when in January 1941 *The Daily Worker* and *The Week* were suppressed under Regulation 2d, whereby suppression without warning was open to the Home Secretary in cases of systematic publication of matter calculated to foment opposition to a successful prosecution of the War, the House did not hide its aversion to this act against freedom of opinion and the Press, though it detested the position and propaganda of the Communist organs. A sincere and violent attack was made on Mr. Morrison for not having proceeded under 2c which would have meant a procedure of warning, prosecution and trial, when the charges could have been met in open court.[20] There were only six votes against the Home Secretary, but many voices in favor of judicial procedure.

Again, after the Home Office had been overborne by the War Office and compelled to order wholesale internment of aliens, the House of Commons soon calmed official heads, and in question after question, debate after debate, raked the government, and excoriated Mr. Morrison, in public and in private,

[19] All these had appeal to Advisory Tribunal, presided over by Mr. Norman Birkett, K.C., a noted civil liberties lawyer.

[20] *Debates*, Jan. 28, 1941.

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until military hysteria was reduced. Justice began to be done to those who should be released, and physical and mental comforts offered to those who still had to remain interned.

On one occasion, August 15, 1940, there was the sharpest conflict between the House and the Prime Minister, and in the course of time the latter gave way. It came to the notice of the House that a Committee presided over by Lord Swinton was doing some kind of secret service work in counteracting Fifth Column activities. Lord Swinton and his colleagues were not liked by the Labour and Liberal side of the House, or even trusted. Lord Swinton was a Conservative politician of long service, and as Secretary of Air from 1935 to 1939 was regarded by the House as far from a success. He was the one to answer demands for a Ministry of Defence and Supply with the original argument, "If the Committee of Imperial Defence is going to work, it will work because every one in the Services has a will to make it work." Sir Joseph Ball had been Director of the Conservative Party Research Department. Mr. William Crocker had been a trade union organizer, but Labour had no confidence in him.

The Prime Minister refused to entertain the question, though he reasoned with the House as to the necessity of secrecy on matters of this sort. He even introduced the issue of whether the House trusted him or not. The House was very dogged in its questioning; and the Prime Minister equally so in refusing to be drawn. Yet some weeks afterwards the Committee was disbanded.

As to matters of equality, besides a constant concern for the regular march of the social services, the House has established a swinging excess profits tax of 100 per cent; made the income and super tax very heavily progressive; and required a food price policy that has meant, in the cases of meat, milk and bread, a government subsidy of 100 million pounds a year. It has constantly increased the allowances to the armed forces and the personnel of the various auxiliary and civil defense services; raised the old age pension, in spite of the obstinate refusals of Sir John Simon when Chancellor of the Exchequer;

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and in unemployment assistance and the pensions, almost abolished the means test.

Finally, the House of Commons has been usually well in advance of the government in matters of the efficient and swift prosecution of the War. One of the most outstanding phenomena of war-time history has been the grievance expressed by the House on the introduction of the various War Budgets, not because sacrifices were demanded, but that the government was not spending quickly enough the large quantities necessary for victory—though that meant a government expenditure of about four fifths of the entire national annual income. In the matter of civil defense the members have brought from their own experience, or that of their constituents, demands for the amelioration of every aspect of the government's arrangements. They have not allowed the government to simulate any fragment of satisfaction in the shipbuilding and ship-protection service; have compelled the formation of a unified War Transport Ministry, with Shipping and Transport under a single Minister. The pressure to increase the quantity of home-grown food, and direction as to what change in things produced, has been constant and effective, in this Mr. Lloyd George taking a leading part, as becomes a gentleman farmer. Of even more importance has been the insistence that production is not at the rate it should be. The House has consequently pressed for the use of the government's compulsory powers, to a point now which Mr. Bevin certainly did not contemplate would be necessary when he first entered office. The compulsion of employers has been brought to a point where they may be displaced for inefficiency.

We have already noticed the effect upon changes of government and individual Ministers, and the organization of each government. The Ministry of Information and the B. B. C. as organs of public opinion have been particularly under fire. The Prime Minister was forced to disown the actions of his own Minister of Information, Mr. Duff Cooper, whose patriotism far exceeds his sureness of touch, in the matter of the advertisement to form Silent Columns of citizens to restrain the spreading of alarm and despondency, and to declare a kind

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of amnesty for some of the silly geese who had been detained or fined on this account—this was on July 23, 1940. He was compelled again to disown the same Minister's action in refusing to allow the B. B. C. to permit the Glasgow Orpheus Choir and Sir Hugh Robertson, its leader, to broadcast, because the latter was a pacifist, or to permit broadcasts by various artists who had signed the manifesto of the People's Convention. The Prime Minister's views were those of the House: "Anything in the nature of persecution, victimisation, or man-hunting is odious to the British People." [21] And these actions led directly to the reversal of the reduction of the membership of the Board of Governors of the B. B. C. from six to two, which had occurred at the outbreak of war. The two left were Conservatives, a member of Baring's Bank and a former civil servant, a Conservative favorite of Mr. Chamberlain's. Now came the additional appointment of four members of progressive mind, in whom the public might have confidence.[22]

Many more instances could be cited; those given are merely illustrative, and represent scores of decisive interventions. The House has operated through its regular procedure of debate on adjournments, financial legislation, ordinary legislation, and Questions. In November 1939 it also saw and provided for the special necessities of the War by establishing the Select Committee on National Expenditure. Its business was to examine current expenditures and to report what economies could be made consistent with the policy of the government, and to make private recommendations to the Prime Minister. It had originally twenty-eight and later thirty-two members. These are eminent members of all parties, some of very long experience in the House, enjoying a prestige which, if it does not put them into Ministerial rank, at least makes them stand out as custodians of the kingdom. The Committee has worked with seven sub-committees, examining witnesses and documents, official and otherwise, and making visits to get first-

[21] *Debates*, March 25, 1941.

[22] Sir Ian Fraser and J. J. Mallon, noted social workers; one of the brilliant brood of the Asquiths, Lady Violet Bonham-Carter (Liberal); Arthur Mann, editor of one of the great independent newspapers, *The Yorkshire Post*.

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hand observation of its facts. Its committees survey related subjects in groups of departments. Among over a score of reports, outstanding achievements have been those on the mobility and enticement and duration of labor, priority organization, governmental contract procedures; the purchase of sites for government purposes; the Civil Defence Services; the Central Register; the Ministry of Information and the Ministry of Food. It would be no difficult task to show the direct effect of these reports upon the debates of the House and governmental reorganization. The Committee cannot affect main strategy, or make basic policy; but within these outlines does exert a beneficial influence on administrative organization and method.

All in all, therefore, it can be said that the genius and spirit of a free constitution have not failed the British. It is true that the institutions of victory have taken time to build, and some thought it almost too late. But the causes lay in the insidious influence of a commercial or City spirit, which reversed Adam Smith's classic admonition that "Defence is more than Opulence"; and in a tactic of perfidy on the part of the Nazi and Fascist, foreign entirely to a democracy of gentlemen, whether rich or poor. The fault lay too in "interest-begotten prejudice", which blinded or distorted the vision of what was occurring in Central Europe. But the People and the Commons were basically sound, and in good time found a leader and a medium of action, while not losing hold of their liberties. That some men have been petty and others unwise is true; that some measures have been ill considered and some organs ill conceived is also true. But substantially and conspicuously both Executive and Commons have conducted themselves well on the actual field of battle.

HERMAN FINER

LONDON SCHOOL OF ECONOMICS

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EVIDENCE CONCERNING THE DISTRIBUTION OF WEALTH IN FRANCE

THE defeat of France and the recent collapse of the Third Republic cannot be understood merely as a series of diplomatic and military events; they must also be studied in terms of economic problems which had become acute long before the outbreak of war in 1939. With the advance of the twentieth century, there were numerous signs that the French government was finding it increasingly difficult to settle by constitutional means the differences of opinion within the nation. Until overshadowed by the call to arms, these differences, many of them economic, appeared to be growing. Up to that time, to be sure, there had been no successful appeal to force by any party; but the factions of both Left and Right had continued to be mutually mistrustful, while production remained low and unemployment high within the nation.

That economic conditions have been at least in part responsible for this French dilemma is everywhere accepted; yet attempts to locate and describe the causes have led to widely different conclusions. We have been told, on the one hand, that France is a nation of small property holders, especially in the rural districts, and that the Third Republic rested firmly on a foundation of rather evenly distributed wealth. Equally convincing, on the other hand, have been those who contended that the conflicts in French politics were the reflection of an increased concentration of wealth which tended to diminish the power of the bourgeoisie, leaving the poor and affluent face to face, one strong in numbers, the other in francs.

Clearly, if one or the other of these hypotheses is to be accepted, it must be reinforced by the collection of concrete evidence. The true effects of such influences as distribution of wealth cannot be understood until the influences have themselves been measured, for only on a solid foundation of fact

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can an adequate evaluation of the economic portion of history be built.

The present study[1] was begun as an attempt to assemble such a body of evidence, using as source material the inheritance tax statistics published in the government's *Annuaire statistique*. It was hoped that the method used by the late Josiah Stamp, to measure the distribution of capital wealth from estate tax statistics in England, could be applied to these figures and that results could be obtained for the whole French nation. In the carrying out of this plan, however, several difficulties arose. Although French statisticians have for many years been estimating total national wealth on the basis of estate tax statistics, they have apparently never attempted to use this material for the measurement of distribution of wealth. Lord Stamp's method, moreover, cannot be applied to the whole of France, for the necessary statistics are not published by the government. The only exception to this rule, made possible by a grant of information ordinarily unpublished, is a set of inheritances for Paris and Manche, collected under the direction of the French statistician E. S. Danysz and printed in the *Bulletin de la Statistique générale de la France* for October 1934. From this material Danysz has estimated the total wealth of Paris and Manche, but has made no study of the distribution of fortunes of various sizes. An inquiry concerning the distribution of wealth for the whole of France is therefore out of the question, until the government shall see fit to publish the necessary figures. Danysz' material, however, does make possible an estimate of the distribution of wealth in Paris and Manche, the one an urban and the other a rural district.[2]

For the inheritance tax statistics of Paris and Manche, then, the present inquiry relies on the work of Danysz; for the

[1] For the suggestion which led to this study the writer is indebted to Professor Shepard B. Clough of Columbia University.

[2] E. S. Danysz, "Contribution à l'étude des fortunes privées d'après les déclarations de succession", *Bulletin de la Statistique générale de la France et du Service d'observation des Prix*, XXIV (1934), pp. 111-171; see also M. Danysz' article of the same name in the *Journal de la Société de Statistique de Paris*, LXXVI (1935), pp. 147-176.

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method by which the distribution of wealth among people dying in a given year can be used to estimate the distribution of wealth among a living population, the procedure of Lord Stamp has been adopted and only slightly altered.[3] The work of both men is based on the same principle, the use of "multipliers" or numbers by which the wealth of the deceased can be multiplied in order to make an estimate of the wealth of living persons. Such a multiplier might be defined as the number of times the wealth of the deceased will go into the wealth of living persons; it expresses the proportion of the total wealth which must come to the attention of the government each year as the estates of the deceased are passed on to the heirs.

The statistics of age and amount necessary for the successful application of the plan were furnished by the *Direction de l'Enregistrement* and published with comments by Danysz in the *Bulletin de la Statistique générale de la France* in 1934.[4] From this material he made his estimates of total wealth, which appeared in the *Journal de la Société de Statistique de Paris* in 1935. He abandoned the other possibilities for the measurement of wealth, the crude "inventory" method and the use of income tax statistics, the latter on the ground that income was not a reliable indication of total wealth because of the difficulties in capitalizing the source of the income.[5] Danysz' own method, taken from the plans outlined by his predecessors Mallet and Chatelain, had the following steps.[6]

1. It is assumed that the inheritances left by the dead furnish a sampling which can be used to estimate the fortunes of the living.
2. Since the amount of individual wealth varies with sex and age, the fortunes of the dead are not an exact image of the

[3] Josiah Stamp, "Wealth and Income, Distribution of", *The Encyclopaedia Britannica* (14th ed. New York, 1929), XXIII, pp. 451-454; see also the same author's *British Incomes and Property; The Application of Official Statistics to Economic Problems* (London, 1920).

[4] Danysz, *Bulletin de la Statistique générale de la France, loc cit.*, p. 118.

[5] *Ibid.*, p. 114.

[6] *Ibid.*, p. 116.

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fortunes of the living. (In order for them to be an exact image of living people's wealth, the dead would have to be of the same ages and sexes as the living.)

3. Only *inside* of each grouping of the inheritances according to the sexes and ages of the deceased do the fortunes of the dead correspond proportionally to the fortunes of the living.
4. If the fortunes of the dead are grouped according to sex and age, the fortunes of the living *for each corresponding group* can thus be found by the use of a multiplier. This multiplier is equal to the number of living people for all those dead in the age-group (found in the mortality tables published by the government) divided by the number dead in the age-group. In other words, the multiplier is:

$$\frac{\text{Number living of the ages in the age-group}}{\text{Number dead of the ages in the age-group.}}$$

5. The wealth of the living can thus be found by dividing the inheritances left by the dead into groups, first according to the sexes and then according to the ages of the deceased. (Within each of the two sex groupings will be age-groups.) The wealth of the living for each age-group is equal to the wealth of the dead in the corresponding age-group, multiplied by the multiplier for that group. The total fortune for all groups is the total fortune of the whole nation.

By the method outlined above, Danysz arrived at the following totals for Paris and Manche for 1930 and 1931.[7]

	Number of Fortunes	*Value of Fortunes (millions of francs)*
Paris	2,891,000	106,129
Manche	433,000	7,846

The number of fortunes shown in his chart was found by the same method as that used in estimating their values; by substituting in each age-group the *number* of inheritances, the multipliers were made to yield an estimate of the number of fortunes held by living persons as well as of their value in

[7] Danysz, *Journal de la Société de Statistique de Paris, loc. cit.*, p. 168.

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francs. It will be observed that M. Danysz' results in no way indicate the *distribution* of wealth in the two areas, but are concerned only with the totals.

For an understanding of distribution of wealth it will be necessary to turn to the work of Lord Stamp, likewise based on the use of individual multipliers for the various age-groups. In order to estimate distribution of wealth, another variable—the size of individual fortunes within each age-group—had to be included in the process just described. Lord Stamp, charting the distribution of capital wealth in England, made use of the following table, which furnished for each age-group a distribution of fortunes according to size.[8]

Great Britain: Estimated Classification of Capital by Reference to Value of Estate and Age of Owner

(Estates exceeding 5,000 pounds only)

Range of Estates (Pounds)	Millions of Pounds								
	Age-groups								Total
	20–24	25–34	35–44	45–54	55–64	65–74	75–84	84 up	
5,000 to 10,000	21	110	257	450	418	242	96	17	1,611
10,000–25,000	22	95	440	614	690	414	174	32	2,481
25,000–50,000	60	83	240	396	461	363	132	26	1,761
50,000–100,000	—	48	256	349	377	285	117	25	1,457
100,000–250,000	—	—	315	355	384	302	154	28	1,538
250,000–500,000	72	26	2	237	209	165	59	9	779
500,000–1,000,000	5	1	105	162	154	113	38	15	593
Exceeding 1,000,000	—	—	8	236	341	117	57	21	780
Total	180	363	1,623	2,799	3,034	2,001	827	173	11,000

Again it was assumed that the distribution of wealth among the living *at each age level* was reflected accurately in the distribution of wealth furnished by the estate tax statistics. By dividing the wealth of the deceased into groups according to

[8] Stamp, *The Encyclopaedia Britannica, loc. cit.*, p. 452.

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the sizes of the fortunes and the ages of their former owners, Stamp obtained what might be called "age-wealth" groups. In other words, instead of setting up a table with only the total wealth of each age-group, he broke up each of these totals into a distribution of wealth in fortunes of various sizes.[9] To the amount in each of these age-wealth groups he applied a multiplier equal to the number of people living for each of those dead in the age-wealth group. For example, in order to find the amount of wealth held by living persons under nineteen years of age, in sums of less than 5,000 pounds per individual, he used a process somewhat as follows.

1. The number of people of nineteen and under who died in the given year was found.
2. In the 0-19 column of the chart, opposite 0-5,000, was placed the amount of wealth left by these people in sums of less than 5,000 pounds each.
3. From the mortality tables for England was taken the number of living people of nineteen and under. This number, divided by the number of deceased of the same ages, became the multiplier for the whole age column, that is, the number living for each of those dead.
4. The amount of wealth left by the dead was multiplied by the multiplier to get the total wealth of living persons under nineteen whose individual fortunes were less than 5,000 pounds.

It will be noticed that this method makes no provision for the different mortality rates among men and women. Any difference in mortality rates would of course affect the multipliers; therefore, as Daniels and Campion suggest, the possible error from this source could be eliminated by the use of separate multipliers for the numbers and wealth of males and females.[10]

[9] The distribution within the age-groups is the chief difference between the work of Stamp and the pioneer investigation of Mallet in 1908.

[10] G. W. Daniels and H. Campion, *The Distribution of National Capital* (Manchester, 1936), p. 4. The authors also suggest different multipliers for the different social classes.

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In the main, however, the work of Lord Stamp, supplemented by the more recent study by Daniels and Campion, represents the best English thought on the subject of measuring distribution of wealth by means of estate tax statistics. In it the method worked out since 1900 by the statisticians De Foville, Mallet, Séailles and Chatelain [11] finds expression for the double purpose of showing both total wealth and distribution of wealth in England. Applied to the figures published by Danysz in connection with his estimate of the total wealth in Paris and Manche, and with the aid of a set of multipliers also prepared by Danysz,[12] it makes possible the present study of the distribution of personal fortunes in those two significant parts of France.[13]

It is necessary, while making use of these materials, to keep clearly in mind the form of wealth that is being measured. For the purposes of this inquiry "wealth" may be taken to mean any kind of goods capable of satisfying human wants. The definition must be further qualified, however, to include the word "personal" and to exclude wealth not transferable, thus eliminating from consideration all forms of property such as roads and government buildings, which, though of general benefit, do not belong to individuals. Despite their obvious money value, intangible qualities such as health, beauty and

[11] These statisticians, in the order mentioned, made contributions to the method of estimating the wealth of a living population from the inheritances left by deceased persons in a given year. See A. de Foville, "La richesse en France", *Revue économique internationale*, April 1906, pp. 7-37, and "Les fortunes en France et dans le pays voisins au commencement du XX^e siècle", *Revue politique et parliamentaire*, XXXVII (1903), pp. 441-462; Bernard Mallet, "A Method of Estimating Capital Wealth from Estate Duty Statistics", *Journal of the Royal Statistical Society*, March 1908, pp. 65-84; J. Séailles, *La répartition des fortunes d'après les statistiques successorales en France* (Paris, 1909); Emile Chatelain, "Observations sur la communication de M. le Dr. J. Bertillon", *Journal de la Société de Statistique de Paris*, August 1910, pp. 350-356.

[12] Danysz, *Journal de la Société de Statistique de Paris, loc. cit.*

[13] Thus the application of the best available method for measuring distribution of wealth to the only available evidence from the Third Republic brings together the method used by Stamp and the materials published by Danysz. See Stamp, *The Encyclopaedia Britannica, loc. cit.;* also Danysz, *Bulletin de la Statistique générale de la France, loc. cit.*

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skill must also be ignored, for they defy measurement and cannot be passed from person to person. The study thus becomes one of estate tax statistics from Paris and Manche for the years 1930 and 1931 in order to determine the approximate distribution of personal wealth among individuals in those areas.

The estates coming to the attention of the French government in 1930 and 1931 are given in the *Bulletin de la Statistique générale* in four tables, two for Paris and two for Manche.[14] For each of these two districts there is a table of estates for males and one for females, arranged in age-wealth groups similar to those used by Stamp.[15] The ages are as follows: 0-14; 15-24; 25-29; 30-34; 35-39; 40-44; 45-49; 50-54; 55-59; 60-64; 65-69; 70-79; 80 and over. The amounts range from minus 1,000,000 francs to 20,000,001 and over, but for the purposes of this study the negative estates, those having more liabilities than assets, were omitted, since no way was seen of including them in the distribution of positive estates; this omission makes a slight difference in the inheritances—ten million out of a total of two billion francs—but it alters the distribution of wealth very little, for the negative estates are, generally speaking, distributed in the same manner as the positive estates. The range of the positive estates for Paris is as follows: 0-2000 francs; 2001-5000; 5001-10,000; 10,001-20,000; 20,001-50,000; 50,001-100,000; 100,001-250,000; 250,001-500,000; 500,001-1,000,000; 1,000,001-2,000,000; 2,000,001-5,000,000; 5,000,001-10,000,000; 10,000,001-20,000,000; 20,000,001 and over. The Manche estates begin with two smaller divisions, 0-1000 and 1001-2000 francs, which have been combined in this paper, and end with a single grouping for all fortunes of more than 1,000,001 francs.

Concerning these large estates in Manche a difficulty arose. Because there were only eight fortunes of over 1,000,001 francs, Danysz was afraid that the identity of the former owners might become known. He therefore neglected to list

[14] Danysz, *Bulletin de la Statistique, loc. cit.*, pp. 144-151.

[15] See table on p. 365.

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these large fortunes according to the ages of the deceased; instead he merely placed the total amount for all ages at the foot of the column marked 1,000,001 and over.[16] In order to find the distribution of numbers and amounts according to the various age-groups within this column, it was necessary to split up the totals for the number and amount in a manner proportional to the distributions in the other columns. For example, the amount of wealth in the age-groups of the column was found by taking the total amount for all males and the total amount for all females, and dividing each number into parts, or fractions of the total; the relation of each part to the total was the same as the relation of the sum of amounts for the corresponding age-group in all columns to the grand total of amounts for all ages regardless of the size of the fortune. A particular age-group in the column marked 1,000,001 francs and over was thus given a share of the column's wealth; and the size of that share depended on the proportion of the total wealth left by people of the same age in the other columns.[17]

Since there were only five fortunes left by males and three left by females in the column marked 1,000,001 francs and over, it was necessary to make a distribution of the numbers of people according to a plan similar to the one outlined above for amounts of wealth. Because the largest fortunes in the other columns were in the hands of the oldest people, the numbers for males and females in the 1,000,001 franc column were distributed proportionally to those in the preceding three columns. Thus the numbers of the very rich were made proportional to the numbers of those nearest to them on the scale of fortune.

With the exception of the corrections described in the above two paragraphs, the estate tax statistics for Paris and Manche furnish an excellent basis for estimating the distribution of wealth among living people. Attention should be called to the fact that all inheritances, even the small ones left by the poor,

[16] Danysz, *Bulletin de la Statistique, loc. cit.*, p. 134.

[17] This method was taken from Danysz, *Journal de la Société de Statistique de Paris, loc. cit.*, p. 167.

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are included in the tables in the *Bulletin de la Statistique générale;*[18] since 1917 all estates without exception have been taxable. Except for the largest fortunes in Manche, which have already been accounted for, each age-wealth group in the tables furnishes not only the total and average amount but also the number of estates. The complete list of tables to which the multipliers were applied in this study is thus as follows.

1.	Paris—Estates—Males	1930–1931
2.	Paris—Estates—Females	"
3.	Paris—Number of Estates—Males	"
4.	Paris—Number of Estates—Females	"
5.	Manche—Estates—Males	"
6.	Manche—Estates—Females	"
7.	Manche—Number of Estates—Males	"
8.	Manche—Number of Estates—Females	"

It will be noticed that these tables cover a two-year period. Because the evaluation of property takes time, many of the estates are not reported to the government in the same year that the death occurs. The estates reported in a given year, such as 1931, are therefore about half those of persons who died the year before (1930). In this case, of course, the inheritances not reported in 1931 do not come to the attention of the government until 1932. Thus the number of estates *reported* in a particular year will be approximately the same as the average number of estates left by deceased persons over a longer period.[19] The present study is concerned with estates of people who died in the course of two years, 1930 and 1931, the inheritances being reported in 1931.

In order to jump from the estates left by the dead to the amount of personal wealth possessed by the living, it was necessary to apply a set of multipliers, each being equal, as we have seen, to the number of persons living for every deceased person in a particular age-group.[20] Since the mortality rates differ in Paris and Manche, and for males and females in each of those districts, four sets of multipliers were needed:

[18] Danysz, *Bulletin de la Statistique, loc. cit.*, p. 114. See also Tax Research Foundation, *Tax Systems of the World* (6th ed. Chicago, 1935), p. 339.

[19] Danysz, *Bulletin de la Statistique, loc. cit.*, p. 134.

[20] For the use of the multipliers, see pp. 363 *et seq.*

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Paris		Manche	
Males	Females	Males	Females

The same multipliers, of course, were used on both number and amount of estates.

Fortunately for the present inquiry, the necessary multipliers were already worked out by Danysz for the article in which he estimated the total wealth of living persons in Paris and Manche.[21] As has already been stated, he used these multipliers to obtain the total value of all estates of living persons of each age-group. He did not break up these totals into groups according to the size of estates within each age-group; in other words, he used only age-groups and not age-wealth groups.[22] In order to estimate the *distribution* of wealth among the living, it was necessary to apply the multipliers to the separate age-wealth groups according to the method outlined by Stamp.[23]

The carrying out of this process and the combination of the tables for males and females produced results shown in Tables I–VII.

TABLE I—DISTRIBUTION OF PERSONAL WEALTH IN PARIS, 1930, 1931

Size of Fortunes (fr.)	*Number of People*	*Amount of Wealth (fr.)*
0–2000	2,230,825	2,233,385,211
2001–5000	152,092	501,851,686
5001–10,000	82,856	624,244,167
10,001–20,000	93,507	1,361,592,175
20,001–50,000	104,151	3,415,885,587
50,001–100,000	53,059	3,869,369,643
100,001–250,000	51,350	8,416,775,626
250,001–500,000	24,520	9,020,751,493
500,001–1,000,000	13,428	9,919,307,818
1,000,001–2,000,000	10,150	14,287,661,512
2,000,001–5,000,000	6,333	20,325,716,835
5,000,001–10,000,000	1,699	12,178,455,460
10,000,001–20,000,000	509	7,344,909,250
20,000,001 and over	297	12,912,859,430
Total	2,824,776	106,412,765,893

[21] Danysz, *Journal de la Société de Statistique de Paris, loc. cit.*, p. 168.

[22] For a review of the study by Danysz, see pp. 363-365.

[23] For a review of the study by Stamp, see pp. 365-366.

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TABLE II—DISTRIBUTION OF PERSONAL WEALTH IN MANCHE, 1930, 1931

Size of Fortunes (fr.)	*Number of People*	*Amount of Wealth (fr.)*
0–2000	250,174	150,980,853
2001–5000	28,079	99,933,871
5001–10,000	30,890	232,007,109
10,001–20,000	38,417	581,106,585
20,001–50,000	38,259	1,294,141,701
50,001–100,000	20,610	1,525,345,430
100,001–250,000	13,276	2,004,115,011
250,001–500,000	3,002	1,057,202,900
500,001–1,000,000	314	212,439,312
1,000,001 and over	324	734,614,140
Total	423,345	7,891,886,912

TABLE III—DISTRIBUTION OF PERSONAL WEALTH IN PARIS, 1930, 1931

Size of Fortunes (fr.)	*Per Cent of Total Number of People*	*Per Cent of Total Amount of Wealth*
0–2000	78.9	2.10
2001–5000	5.4	.47
5001–10,000	2.9	.59
10,001–20,000	3.3	1.28
20,001–50,000	3.6	3.21
50,001–100,000	1.9	3.63
100,001–250,000	1.8	7.91
250,001–500,000	1.0	8.48
500,001–1,000,000	.5	9.32
1,000,001–2,000,000	.4	13.42
2,000,001–5,000,000	.2	19.10
5,000,001–10,000,000	.05	11.44
10,000,001–20,000,000	.02	6.90
20,000,001 and over	.01	12.13
Total	99.98	99.98

TABLE IV—DISTRIBUTION OF PERSONAL WEALTH IN MANCHE, 1930, 1931

Size of Fortunes (fr.)	*Per Cent of Total Number of People*	*Per Cent of Total Amount of Wealth*
0–2000	59.1	1.9
2001–5000	6.6	1.3
5001–10,000	7.3	2.9
10,001–20,000	9.1	7.4
20,001–50,000	9.0	16.4
50,001–100,000	4.9	19.3
100,001–250,000	3.1	25.4
250,001–500,000	.7	13.4
500,001–1,000,000	.1	2.7
1,000,001 and over	.1	9.3
Total	100.0	100.0

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TABLE V—DISTRIBUTION OF PERSONAL WEALTH AMONG SOCIAL CLASSES IN PARIS, 1930, 1931

Size of Fortune (fr.)	*Number of People*	*Amount of Wealth (fr.)*	*Per Cent of Total Number of People*	*Per Cent of Total Amount of Wealth*
0–50,000	2,663,431	8,136,958,826	94.1	7.65
50,001–500,000 ...	128,929	21,306,896,762	4.7	20.02
500,001 and over..	32,416	76,968,910,305	1.18	72.31

TABLE VI—DISTRIBUTION OF PERSONAL WEALTH AMONG SOCIAL CLASSES IN MANCHE, 1930, 1931

Size of Fortune (fr.)	*Number of People*	*Amount of Wealth (fr.)*	*Per Cent of Total Number of People*	*Per Cent of Total Amount of Wealth*
0–50,000	385,819	2,358,170,119	91.1	29.9
50,001–500,000	36,888	4,586,663,341	8.7	58.1
500,001 and over...	638	947,053,452	.2	12.0

TABLE VII—COMPARISON OF TOTALS

	Number of People	*Amount of Wealth (fr.)*
Paris—Danysz (1935) [24]	2,801,000	106,129,000,000
Paris—This Study	2,824,776	106,412,765,893
Paris—1931 Census [25]	2,829,306	
Manche—Danysz (1935) [24]	433,000	7,846,000,000
Manche—This Study	423,345	7,891,886,912
Manche—1931 Census [26]	433,473	

The results of this study can be seen and to some extent evaluated in Tables I–VII. Only a few further comments need be made.

In the first place, since half of the material deals with Manche, a brief statement concerning that Department is appropriate. Manche is located in the northwestern part of France and forms a peninsula, being bounded on the northeast and southeast by the English Channel. In occupation it is largely agricultural; stock and poultry raising, the growing of fruit and grains, and the keeping of market gardens are the means of livelihood for the rural population, except for a few granite

[24] Danysz, *Journal de la Société de Statistique de Paris, loc. cit.*, p. 168.

[25] *The Encyclopaedia Britannica*, XVII, p. 291.

[26] *Ibid.*, p. 774.

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quarries and the fishing along the coast. There are only three towns of any size, Cherbourg, Saint Lô and Granville, the total population of all three being only about 53,000. Cherbourg has a port, an arsenal, and some shipbuilding.[27] In comparison with the wealth of Paris that of Manche is more evenly distributed, though, as Tables II and IV will reveal, a considerable amount of concentration exists.

In preparing the tables, it was thought advisable to leave the numbers exactly as they turned out after the process of multiplying. Needless to say, the numbers below 100,000 mean very little. Tables V and VI, of course, are arbitrary groupings intended to illustrate the amounts of property held by three general classes; the dangers of such a procedure are clearly recognized, and the tables are defended only on the ground that they make possible a comparison of Paris and Manche. Much more significant are Tables III and IV where the facts are allowed to speak for themselves; from these figures any desired grouping can be made.

In Table VII the results of the present study can be checked by comparison with the results obtained in 1935 by Danysz and with the 1931 census for Paris and Manche. It will be noted that the results of this paper are in fairly close agreement with the 1931 census, the populations of both Paris and Manche being slightly below those of the census. This difference could be accounted for by the omission, from the present study, of negative successions, estates having more liabilities than assets, which would cut down the estimate of the total number of living people. Failure to consider the negative successions would likewise lead to a total amount of wealth slightly too large, since the estates with debts would not be subtracted from the others. It will be noticed that the total amounts of wealth for both Paris and Manche are larger than those arrived at by Danysz, who included negative inheritances. Too much importance cannot, of course, be assigned to the similarity of the present study's results to those of Danysz, for both inquiries were based on almost the same method. In

[27] *Ibid.*

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the main, however, the agreement of all the totals in Table VII is the best available evidence in favor of the correctness of the distributions estimated for Paris and Manche.

There remains the problem of listing the possible objections to the sources or method used, and of accepting whatever limitations these objections may place upon the results of this study.

There is, in the first place, the possibility of fraud on the part of people wishing to escape from the inheritance taxes. Probably the best solution to the problem is to accept the fact that tax evasion by means of fraud exists, and to qualify the results of the study accordingly. We must admit, then, that without fraud the total amounts of wealth would be slightly larger. As for the distribution of this wealth, there is no certainty that it is greatly affected by such evasion, since it cannot be shown that there is more fraud among the rich than among the poor; although the rich are able to employ lawyers to aid in the evasion of taxes, the poor have the advantage of less attention from the government, together with the fact that their meager property often defies evaluation. Thus we cannot safely say that fraud either lessens or increases the concentration of wealth shown by the present study.

Another source of inaccuracy might lie in the possibility that considerable sums were distributed before death in the form of gifts to relatives and friends, thus decreasing the size of the inheritances. As in the case of fraud, we must admit that the amount of these gifts cannot be accurately measured, and we must qualify our conclusions accordingly. Gifts *inter vivos* do alter the distribution of wealth.[28] It is the opinion of Daniels and Campion that since such gifts are usually made from larger to smaller fortunes their effect is to decrease the concentration of wealth.[29] If this hypothesis is correct, the errors resulting from a failure to include gifts would lead to a distribution of wealth less concentrated than that which really exists. Concerning this criticism, then, we may conclude that the wealth

[28] Daniels and Campion, *op. cit.*, pp. 41, 42.

[29] *Ibid.*, p. 41.

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of Paris and Manche is *at least* as concentrated as the tables shown in this study indicate.

A third possible source of inaccuracy which deserves attention concerns the multipliers. Since the mortality among poor people is not the same as the mortality among the rich, different multipliers should have been used for the different social classes. In their study of distribution of wealth in England, for example, Daniels and Campion worked out an elaborate system of multipliers for three social classes.[30] Desirable as it undoubtedly is, such a correction cannot be made in the general mortality rates of France, for the necessary information about social classes is lacking and the English rates could not, of course, be applied to another country. Assuming, however, that the mortality of the rich is lower in France, as it is in England, than the general mortality rate,[31] the wealth of these people would be greater than the estimate given in this study; for a lower mortality rate would mean that there would be more people alive for those dead in the age-wealth groups; therefore the multiplier would be larger than the ones that have been used. Thus the result of a correction similar to that of Daniels and Campion would be to increase the estimated concentration of wealth. We may therefore conclude once more that the wealth of Paris and Manche is *at least* as concentrated as the results of this study indicate.

As a matter of fact, a perfect statistical method would require not only multipliers for social classes but also a separate multiplier for each age rather than one for each age-group.[32] Since the number and size of fortunes vary with age, and since we cannot be certain that age distribution among those who die in a given year corresponds exactly with age distribution among the living, the use of one multiplier for a whole age-group is a source of inaccuracy. A single multiplier for the ages, for example, of 0-14 years might not allow for the difference in distribution of number and size of fortunes between the dead of

[30] *Ibid.*, pp. 4, 14.

[31] *Ibid.*, pp. 14-16.

[32] For this criticism the writer is indebted to Professor Geroid T. Robinson of Columbia University.

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0-14 and the living of 0-14. To achieve an ideal method, it would be necessary to use a separate multiplier for each age (1, 2, 3, etc.) and not merely for each age-group (0-14 etc.). Such a refinement of procedure was impossible in the present study because of its dependence on the statistics published by M. Danysz. The amount of inaccuracy resulting from the use of age-groups would depend, of course, on how rapidly wealth increases with age within each particular age-group. It can therefore be assumed that the more age-groups and multipliers there are, the more accurate will be the results. Since the present study is based on the use of separate multipliers for males and females, together with a division of the deceased of each sex into thirteen separate age-groups, each with its own multiplier, it is believed that the error is slight.

Another possible source of inaccuracy might lie in the years chosen for the collection of inheritance statistics. Because of an unusually large or small number of rich people dying, the inheritances of a given year might not be a good sampling of the fortunes of the living. In order to avoid this mistake, Danysz replaced the large fortunes left by Parisians in 1930 and 1931 by averages taken from the years 1929-1933.[33] Thus in the case of Paris the danger of including too many large fortunes was avoided. For Manche, because of a lack of statistics, it was impossible to compare the large fortunes of 1930 and 1931 with those of other years.[34] This limitation, though slight, must be accepted. Inaccuracy might also result if the years during which the estates were registered should be a time of currency devaluation or financial depression. As Danysz has pointed out, however, the years 1930 and 1931 have several advantages. The year 1931, in the first place, falls "at the end of a great economic period, and at the beginning of another."[35] The immediate effects of the World War were over, though the world-wide depression characterizing the economic life of the thirties was already under way.

[33] Danysz, *Bulletin de la Statistique générale, loc. cit.*, p. 133.

[34] See pp. 368-369.

[35] Danysz, *Bulletin de la Statistique générale, loc. cit.*, p. 118.

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The year 1931, moreover, has the advantage of being the year of the census, thus assuring the best possible material for the calculation of multipliers based on the number of people living of the various ages.

We may conclude, then, that with certain reservations concerning their source and method of calculation the six tables estimating the distribution of wealth in Paris and Manche may be accepted. It must be remembered that the tables describe individual personal wealth, and not the wealth of families or of all kinds of property-holding groups in the two districts. Certain important possibilities of error, moreover, must be admitted. As far as can be determined, the element of fraud would make the totals slightly too small but would not change the distribution of wealth; gifts *inter vivos* would tend to make the distribution appear less concentrated than it really is; and the fact that rich and poor have different mortality rates would likewise decrease the amount of concentration found by the use of the multipliers. In order to allow for these possibilities of error, we must conclude that the wealth of Paris and Manche is *at least* as concentrated in the hands of individuals as the tables indicate.

The point should be made, finally, that this inquiry has aimed only at the establishment of facts about the distribution of wealth, and not at their interpretation. Attractive though it may be, speculation concerning the distribution of wealth in all of France, and its effect on the politics of the nation, cannot here be attempted.

PAUL H. BEIK

NEW YORK CITY

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POLICIES OF NATIONAL MANUFACTURING
SPITZENVERBÄNDE II *

3. *The Economic Policies of the* Spitzenverbände

IF, as we argued in the first installment of this article, the economic activities of every major capitalistic country are cumulatively being enmeshed in vast and complicated "feudalistic systems of cartel control", which lead (so long as present trends are not disturbed) directly to some form of the "corporate" or "guild" state, the future, of course, looks pretty dark for all the usual forms of competition and laissez faire. But is anything more than a "flight" into a system of state-regulated monopoly involved?

The question may be answered by examining somewhat more closely the economic outlook of the guiding powers behind the monopoly movement. As pointed out in the preceding article, clearly and in every country the effective direction throughout all the vast proliferating machinery of the *Spitzenverbände* is being centered in the hands of the corporate giants. Not only their interests dominate in the larger sphere of action, but also their manners of procedure, their organizational patterns, their points of view, and their conceptions of the larger objectives of economic policy as a whole. Slowly but ever more rigorously the policies of the *Spitzenverbände* are being realigned to express and implement the ramifying interests of the huge corporate agglomerations which have moved into the inner sanctuaries of power.

What, then, becomes the nature of the aims, the procedures, the larger plans of these power nuclei as their tentacles of control reach deeper and deeper into the national economic life? The monopoly biases which are expressed through the intermediation of the *Spitzenverbände*, and which relate to the larger national scene, may for purposes of convenience be

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broken down into the national economic correlates of private business monopoly, as trends and pressures leading to *mono-management complexes, mono-policy directives*, and *centrally coördinated control.*

A. The Bias Toward Mono-Management: The "Industrial Complex"

The case is more easily made before the law or to the general public for treating an entire industry, or a series of closely related industries, as a single managerial entity where the integrative pressures of technology have led directly to the concept of a single, all-inclusive engineering system—local, regional, national or continental—which can be broken up only by going back to more primitive methods of production. Falling into this class one finds the whole of the railroad, highway, inland river and coastwise shipping, airplane, bus, truck, telephone, telegraph, cable, postal service, radio, gas, water, pipeline, power grid (inclusive of production, transmission and distribution) systems. In all these cases engineering, cost accounting, and management factors all conspire to favor for each appropriate territory unified and all-inclusive networks under a single management charged with the task of organizing the whole with the minimum of duplication and overlapping facilities. In some cases, such as with the transportation group (rail, bus, truck, airplane, and certain types of water transportation), or the communications group (telephone, telegraph, postal services, radio), the like factors create conditions favorable to mono-management on an inter-industry and inter-service basis. Factors, that is to say, similar to those which make the railroads technologically integrated systems operate to bind these industries together into actual or potential one-management systems.

This general category of industries is commonly said to be made up of "natural monopolies", and its members are thought to be peculiarly "affected with a public interest". But whether so considered or not, and whether owned and operated as governmental, private or "mixed" enterprises, these industries are all characterized by the case they present for

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being organized as single, central managerial systems.[50] Throughout there is a clear and unmistakable long-run tendency for corporate groupings to be reshuffled so as to correspond to management imperatives, for corporate holdings or management controls to become coterminous with industrial, engineering frontiers.[51] Most backward in these respects are the railroad systems of the United States,[52] England [53] and France; the telegraph and radio systems of the United States; [54] the power systems of Germany,[55] the United States

[50] This does not, of course, preclude a high degree of regional or functional decentralization of a system functioning as a single managerial entity. The A. T. and T., perhaps the best example outside of the postal services in the United States where corporate and network frontiers are almost entirely identical, has also been the leader in the development of methods of managerial decentralization.

[51] How important these factors may become in future governmental policies toward "trust" developments is shown by Mr. Arnold's dictum, speaking on behalf of the Anti-Trust Division of the Department of Justice, that "the rule of reason is the recognition of the necessities of organization in a machine age." This he interprets to mean specifically that the government will not proceed against (1) "combinations which actually contribute to the efficiency of mass production", (2) "concerted action which goes no further than to insure orderly marketing conditions", and (3) those "monopolistic restraints" which, if proceeded against, would involve "economic dislocation in great industries . . . ." Speech before the National Association of Purchasing Agents, San Francisco, Calif., May 22, 1939 (Department of Justice news release). It is not hard to see how a good combination of ambidextrous legal talent, gifted cost accounting, and clever management engineering might bring almost any combination out of the anti-trust shoals under shelter of these wide-ranging criteria.

[52] It is significant, however, that the I.C.C. has long been committed to the principle of regional amalgamation, fusion of terminal facilities, etc. See, in particular, the report of Commissioner Eastman.

[53] The English railroads, over fifty major and several minor lines, were brought together into four major systems in the early twenties. Measures are now being taken to fuse these four into a single all-embracing rail network.

[54] There is not the slightest justification from a competitive or a general economic point of view for the duplicate systems of Western Union and Postal Telegraph. No parallel to this duplication is to be found in any other major industrial country in the world. The American radio system is somewhat more complex, but it is equally out of date.

[55] See, however, the plan of Oskar von Miller, "Ausführungen des Sachverständigen Dr. Oskar von Miller über die derzeit wichtigsten Fragen der Elektrizitätswirtschaft", in *Die deutsche Elektrizitätswirtschaft* (Berlin, 1930),

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and France; and the bus, truck, and internal waterways systems of all countries except Germany.[56] Intertransportation systems have been worked out comprehensively only in Germany,[57] and intercommunications systems only in Germany, Italy and England.[58]

A situation somewhat similar to that of the public utilities is found in all those industries (a) which have been growing quasi-organically together at the manufacturing base, and (b) to which entrance is controlled through closely guarded engineering and research factors. There is a tendency in the first case for a complex of industries (the Russians use the term *combinat*), and in the second case for entire single industries to be fused together so that in analysis one is compelled more and more to proceed as though one were dealing with single managerial units instead of groupings of separate enterprises. Either or both tendencies appear to be pronounced with all those types of enterprises termed "laboratory babies", such as heavy chemicals, plastics, electrical apparatus, pulp and paper, armaments, etc. In these cases a

by the *Enquete Ausschuss*, and *Gutachten über die Reichselektrizitätsversorgung* (Berlin, 1930). Much of this plan has actually been carried into effect. Under stimulus, however, of a developing war psychology, accompanied by military plans for industrial decentralization of industry, there has more recently developed considerable opposition to a central German power grid. See, e.g., various issues from 1932 to 1936 of *ETZ*, the *Archiv für Wärmewirtschaft*, and *Elektrizitätswirtschaft*, German journals devoted to the electric power industry, and also F. Lawaczeck, *Technik und Wirtschaft im Dritten Reich* (Munich, 1932). Plans of the Belgian engineer, Oliven, for an all-European superpower grid have fallen afoul of analogous misfortune.

[56] A fair degree of unification has been achieved in the United States in the bus systems operating between major traffic terminals, and between—in places—railroad and bus transport. Steps have been taken by a number of railroads, led by the Pennsylvania, to dovetail rail and local freight trucking facilities.

[57] The German intertransport network is not altogether complete, but it has become very nearly so with simultaneous over-all organization of each of the separate types, and then interlinkage step by step among them as fast as plans could be worked out. Model, in this respect, are the long-distance rail, short-distance bus, the rail, airplane, and postal bus passenger service, the Rhine water and rail freight traffic, and the rail and truck pick-up and delivery system in Berlin.

[58] Most complete are those of Germany and England, where all communication services are centered in the post office.

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common source or series of sources of raw materials, or a series of dovetailed "flow-type" processes, or monopoly of the necessary initial knowledge obtainable only from secret sources of information, or possession of basic and indispensable patents on machinery, processes or products, etc., enables a single concern or a group of closely coöperating concerns to force entire industries into line under circumstances where the effect is that one or more of the conditions and terms of conducting business are centrally managed and controlled throughout the entire industry.[59]

One or more of the conditions peculiar to the "laboratory babies", of course, are rapidly coming to govern the vast majority of the leading industries throughout the world. But in the absence of such pressures, the effect of partial managerial control may be had through the pooling of resources by the establishment of central coöperative facilities, such as laboratories, market information services, and joint management committees of one sort or another dealing with standards, grades, advertising, apprenticeship, foremanship, public relations, etc.[60] If the information is of critical importance, or the standards fundamental to the evolution of a system of interchangeable parts, or if the failure to adhere, as in advertising,

[59] Perhaps the best examples are to be found with the interests grouped around the Standard Oil and Du Pont interests in the United States, Imperial Chemicals in England, and the I. G. Farbenindustrie, Krupp, and possibly the Hermann Goeringwerke in Germany.

[60] There are several dozen trade association laboratories in the United States (e.g., the Electrical Testing Laboratories of the Edison Electrical Institute and the National Electric Manufacturers Association, and the American Gas Association's laboratories in Cleveland), in England (e.g., the British Cotton Industry Research Association and the Research Association of the British Rubber and Tire Manufacturers), and Germany. A particularly interesting development in the last named country is the evolution of a chain of industry-government supported industrial laboratories known as the *Kaiser Wilhelm Gesellschaft*, covering nearly every branch of industry in every field. Also of particular interest is the *Reichskuratorium für Wirtschaftlichkeit*, central "rationalization" coördinating body. (See Brady, *The Rationalization Movement in German Industry*.) A similar body has been set up in Japan but appears to have met with indifferent success. Standards bodies, to be found in every manufacturing country, provide also a very interesting method of bringing industrial establishments together. But the methods here are legion.

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means the dangerous pyramiding of competitive costs, then firms may be compelled to hew pretty close to the line fixed, but will rarely be able to go far beyond the techniques and practices agreed upon in conference.[61] The environment, that is to say, becomes favorable for acting as though the association or cartel had become, through close and long collaboration on vital issues, to some degree or other a single-management enterprise, and the member concerns, branch or regional offices rather than independent business units — for behaving, in short, as though central direction had been given over to a "syndicate" or a "community of interests", or a formal combination (as in the case of the great German Dye Trust).

Here again, the position of the *Spitzenverbände* has been uniformly to foster, promote and encourage. This is shown not only by the detail of the activities on which they center their attention, but also by the industrial groupings of their membership. The Grand Council of the Federation of British Industries bears more than a superficial likeness to the National Council of Confederations of the Italian Corporate State and the *Gruppen* arrangement under the Chamber of Commerce and Industry in Nazi Germany. The grouping of the *Confédération Générale du Patronat Francais* seems to be a compromise between the German and Italian models, and the new plans for France's industrial reorganization under the Vichy régime appear to require but relatively small changes in that pattern. In all cases, and with increasing clarity, the industry is the unit, and associational forms are expected more and more to adjust their activities to these frontiers.

B. The Trend Toward *Mono-Policy:* Evolution of a Balanced System of Privilege and Protection

Paging through the literature of the several central manufacturing associations of the various major capitalistic countries, the patterns of privilege and protection, varying greatly in detail, appear to be all cut of the same cloth. They do not

[61] Such is the case, e.g., in all "simplification", "typification", "fits and gauges", "interchangeable parts dimensional standards", methods of testing and rating, standards for control instruments, etc.

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require a great elaboration here, for already a vast literature describing them has been written. They do, however, help to show how strongly and deeply the current is running toward what the Germans call *Ordnungswirtschaft* (ordered, bound-up, organized, directed). Seriatim, all favor:

(1) *Protection against foreign competition.* The trend, reaching back to the Bismarck tariff of 1879, is definitely protectionist and "autarchic" in all countries, and the basis of autarchy is, not the nation, but the maximum area of empire or sphere of influence. Protective tariffs are to autarchic programs as youth is to age; autarchy might be regarded as generalized and rationalized protection, and the basis is imperial or continental (*Grossraumwirtschaft*) self-sufficient systems. All nations now have systems of "imperial preference", of which the British scheme worked out at Ottawa is only the better known and more spectacular. The long-run changes are the following: (a) tariff walls have been heightened and generalized to meet the needs of every organized interest grouping; (b) the forms of protection and aid have been multiplied to meet every peculiar need; (c) the whole of the network of national protection and aid has gradually been articulated into a more or less rationalized system of economico-political aggrandizement; (d) administration has been placed in the hands of administrative bodies given wide latitude in the use of its tools for the advance of national economic interests both at home and abroad—*Machtpolitik*.[62]

(2) *Protection against competition at home.* Appearing under the common euphemism, "fair trade practice", laws cumulatively circumscribing and hedging competition about with a multitude of controls and administrative rules are now to be found in every major capitalistic country. Promoted by business pressure groups, and growing in number and range of

[62] This interest—protection from foreign competition—was the major force behind the organization of the National Association of Manufacturers, one of the predecessor bodies of the *Reichsverband der deutschen Industrie*, the *Confédération Générale de la Production Francaise* (predecessor body to the *Confédération Générale du Patronat Francais*), and the Federation of British Industries.

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importance with amazing speed, they all tend to promote—after the models of the exclusive monopoly and cartel—some degree or other of price fixation, systems of discount, brokerage fee allowances, circumscription of marketing areas, conditions and terms of delivery and sale, etc. The programs of the Robinson-Patman Act, the Miller-Tydings Bill, the Agricultural Marketing Act, the Capper-Volstead Act, the forty-five or more state price maintenance laws, and a vast supporting, supplementary and elaborating outpouring of federal, state and local legislation, administrative rulings, etc., can be duplicated now in every country in the world. The difference here between policies advocated by the *Spitzenverbände* and their supplementary pressure groups in the United States on the one hand, and the totalitarian countries on the other, is one of degree, not of kind or method. The Nazis, for example, understood N.R.A. at its inception [63] to be in keeping

[63] "Under the guise of establishing standards of 'fair trade practice,' competition was sublimated to the extent of virtual extinction. In many industries it forthwith became 'unfair' to utilize existing productive capacity even to the extent that actual orders for goods indicated to be profitable from the standpoint of particular management and warrantable from the standpoint of the social economy. 'Spread out the business!' It became 'unfair' to underbid other producers—witness the numerous code provisions requiring the maintenance of fixed margins and the recovery of standardized, indeed arbitrary, 'average costs.'" Myron Watkins, "The Economic Implications of Unfair Competition", *Iowa Law Review*, Jan. 1936, p. 269. Since the demise of N.R.A. all these practices have become more or less common throughout American economic life. For Germany, see, especially, Heinz Mullensiefen (ed.), *Das neue Kartell-, Zwangskartell- und Preisüberwachungsrecht* (Berlin, 1935), and *Freiheit und Bindung in der geordneten Wirtschaft* (1939). For Italy, any issue of the voluminous and complete *Sindicato e Corporazione*, and Helmut Vollweiler, *Der Staats- und Wirtschaftsaufbau im fascistischen Italien* (Wurtzburg, 1938). For England: A. F. Lucas, *Industrial Reconstruction and the Control of Competition* (London, New York, Toronto, 1937); Hermann Levy, *Monopolies, Cartels and Trusts in British Industry* (London, 1927); current issues of the London *Economist;* and various plans for industrial reorganization of PEP (Political and Economic Planning). For the United States: Arthur R. Burns, *The Decline of Competition* (New York and London 1936); Ewald Grether, *Price Control under Fair Trade Legislation* (New York, 1939); and, in particular, the various publications of the TNEC, of the Anti-Trust Division of the Department of Justice, and of the Committee on Inter-State Trade Barriers. See also, "Some Arguments in Favor of Trademark Infringement and 'Unfair Trading'", Appendix E in Edward Chamberlin's *The Theory of Monopolistic Competition* (Cambridge, 1933).

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with the corporate ideas of "stabilized business" advocated by the Nazi state.[64] War has a tendency to accelerate the pace, not to alter the lines of growth.[65]

(3) *Protection against dissolution and from becoming extra-marginal.* This takes many different forms, for example, limiting capacity, capacity factors, incoming concerns, provision of public funds for "bailing out", etc.[66] The fringes of high-cost concerns are lopped off on the one hand, and innovations are controlled on the other. In an "emergency", government regulates, "protects" and supplies generous aid. What was once defined as an "emergency" then tends to become a permanent condition, reënforced, maintained and

[64] They based this judgment, as the author can testify from numerous personal interviews with leading German business men during 1935, upon such as the following: "The 'Key' factor in the NRA program is America's 3,500 larger (State and National) trade associations—and the over 10,000 local Trade Associations, Chambers of Commerce, etc. The whole fabric of business organizations is inter-twined and ready to cooperate with the some 500 industries now under approved Codes and with the National Recovery Administration in all sound 'Business-Government Partnership' plans." Statement issued by the American Trade Association Executives and prepared by the Trade Association Section of the Marketing Research and Service Division of the Bureau of Foreign and Domestic Commerce, United States Department of Commerce, "High Lights of the NRA, Chart No. 3", issued July 10, 1934.

[65] Practically all the important British food industries, for example, now brought into control boards under Britain's "feudalistic system of cartel control" (London *Economist*, Dec. 29, 1939) have behind them "marketing" agreements quite similar to those worked out by the A.A.A. in the United States, and which now govern, under one authority or another, almost the entirety of the highly specialized fruit and vegetable crops of California. A reading of the "Statutory Rules and Orders" for the potato marketing agreement, or for pigs, bacon, milk, etc., based upon the British Agricultural Marketing Act of 1931, will show that the English intended that these boards should be possessed of powers which might readily be expanded to control the several food industries lock, stock and barrel, and with reference to all problems of production and distribution, and for all persons or parties involved therein. In many respects they are scarcely to be distinguished from the Nazi *Marktordnungsgrundsätze* for German agriculture.

[66] See, in particular, the summary of code provisions given in *The National Recovery Administration*, by Leverett S. Lyon, Paul T. Homan and others (Washington, 1935), which details at great length code devices for achieving "protection" against all the usual hazards of competitive business. For the period since the demise of N.R.A., perhaps the best source of information is the various reports of the Institute of Distribution.

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"stabilized" as a part of business-as-usual (relief disbursements, program of public works, military expenditures, credit controls, government credit, price regulation, etc.). In general the effect is that prices are lowered or costs are adjusted so that the least efficient concern is brought into the organized system of protection.[67] In the *patois*, average revenues of the firm closest to the margin are *pegged* above average costs.[68] But costs are construed, not as sums which add up, but as categories the dimensions of which are a function of policies centered in and controlled through the new systems of protection.

(4) *Protection against the business cycle and analogous business hazards.* The business attitude is slowly changing from hostility to armament (war) and public works (peacetime) programs in times of depression, to one of acceptance and — particularly so far as armaments are concerned — enthusiastic support.[69] Surpluses of man power (unemployment), of goods (met by the equivalent of "valorization", market surplus, "ever-normal granary" methods), and of

[67] It was accepted as a ruling principle in the regulated economies of both World Wars that profits should be guaranteed every enterprise participating in war production. Since all enterprises are thus subject to — and actually have become involved in — war control, this *system of compulsory profits* has come out to mean as many or almost as many price schedules as there are cost schedules. But more important is the fact that the marginal concern need no longer remain marginal in the sense that marginal revenues equal marginal costs for its production as a whole. The N.R.A. codes and the corporate systems of Italy and Germany have applied these war-time principles to many of the processes of peace. But they are applied neither in the totalitarian nor in the "liberal-capitalistic" countries to the tolerated, profitless, outsider fringe. The fringe, however, is not extra-marginal; it is *outside the pale of granted privilege.*

[68] With the tendency, as shown in the N.R.A. codes, for example, to include a "normal return on investment" not as revenue but as cost! See Myron Watkins, *loc. cit.*

[69] The monthly letters of the National City Bank, for example, during 1938 and 1939, make extremely interesting reading in this connection. Government spending for relief, public works, etc., was regarded as the balance wheel of the economic system, and the arguments employed by the National City Bank are almost identical with those running through German business periodicals and expressed directly to the author by leading German business men who dwelt most enthusiastically on the public works and armaments programs of the Third Reich.

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capacity are becoming natural, normal, chronic features of highly developed capitalist civilization. It is only a question of time until methods applied partially or sporadically in the field of agriculture will be generalized over the entire economic system. All the *Spitzenverbände* seem to agree that these can be handled only by central public authority, by the aid of war, public works and other supporting programs, and under the administration of business men who will see to it that the results of such policies, intended to "help business", are not such as to hurt business as a result of "mistaken" or by-pass "idealism", "reformism", or "socialistic" ideas. And all such policies call for protection against the demands of competing—little business and non-business—interests.[70]

C. The Program of Central Coördinated Control

Without exception—in England, France, Germany, Japan, Italy, the United States, Belgium, Holland, Czecho-Slovakia, Poland, Sweden, and all other countries still existing or recently conquered, having central, national *Spitzenverbände*—all-inclusive plans and programs for industry, trade, and inter-industry organization are referred to as "self-government in business".[71] And the concept of "self-government in business" comes out to mean—so far as one may generalize from past trends and present incomplete records of experimentation[72]—something like this: in a fashion somewhat similar to, and possibly patterned in some respects directly after, the systems of managerial decentralization by regions and functions evolved by concerns such as General Motors, the A. T. and T., Imperial Chemicals, I. G. Farben, and Vereinigte Stahlwerke, trade associations wish to administer or "govern" each and every industry as semi-autonomous or wholly auton-

[70] These will be dealt with in a concluding article.

[71] The German expression alone means "self-management" (*Selbstverwaltung*). But this is in keeping with German tradition, which always admits at every stage of the game tighter, more inclusive, and more rigid central control.

[72] See, in this connection, the various efforts by N.R.A. to evolve "master plans", "blanket codes", and "blue eagle" dicta; also the various German and Italian—of which two the current French "corporate" pattern appears to be a blend—laws relating to cartels, price control and price supervision, etc.

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omous groups within a framework of control laid down by the central authorities. It is a concept not unlike that of corporate guild economy in the medieval period, except here leadership is taken by a coöptative "élite" dominated by the huge corporate combines and communities of interest.[73] On the one hand, the authority wielded carries with it legal or quasi-legal power to enforce compliance upon the totality of the industry, and, on the other, compliance practices are governed by codified rules of the general order of codes of "fair trade practices"[74] which assume a set of directives of an ultimately social and political character. It is the capitalistic equivalent to agrarian states' rights doctrines as viewed by a champion of planter-aristocracy such as John C. Calhoun.

Compliance by the entire industry with the dicta of the co-opted "self-governing" cliques involves a rationalization and systematization of cartel-like patterns of control for all industry. So far as the economic side is concerned this means that business feels that provisions must be made (1) to prevent "cut-throat" competition within the industry;[75] (2) to keep "monopolistic competition" between and among industries, whose products may be partially or wholly substitutive for each other, from taking on a similar "cut-throat" character[76]—a sort of *domestication* of competition within the central control network which shifts a problem of economic warfare into one of intrigue, cabal and junta; and (3) to require of each industry (as of each member concern within each industry) rigid adherence to the decisions of the central authorities so far as it touches upon all issues which bind them all together

[73] See the following article for an elaboration of the "coöptative" principle.

[74] The group "Industrie" of the *Reichswirtschaftskammer* has made an attempt to codify "fair trade practices" for all German industry. Something of the sort has been attempted by most national and regional chambers of commerce, and by most *Spitzenverbände* in every major industrial country.

[75] "Cut-throat competition" is, of course, the obverse of "fair trade practices". "Fair trade practices" equal, in the main, cartel controls; in practice "cut-throat competition" comes to mean loss to those who, unlike Eugene O'Neill's *Hairy Ape,* belong.

[76] As, for example, when Alcoa attempts to control magnesium (a competitive light metal); or rayon, silk; or butter, margerine, etc.

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into a coherent system of national business administration.

This latter requirement, centering as it does on the issues and the structures of *domination,* necessarily reaches far beyond the economic issues of a system of self-regulated capitalism. Far more than "free competition" and laissez faire go out the window with the shift from "monopoly competition" to "self-regulated monopoly". With this shift goes gradual taking over of the offices and prerogatives of government. If the *Spitzenverbände* continue to travel along the same paths, government by the business system will find their members pulling together on social and political issues — however restive they may become under controls which their own enveloping monopoly practices of "self-regimentation" impose upon them.[77] *

[77] "We are faced", Mr. Arnold holds, "with a choice of either enforcing the anti-trust laws or drifting in the direction of the self-regimentation of business." Again, "Since the war a weak government permitted the whole German production and distributing system to be organized from top to bottom by trade associations and cartels. Sporadic attempts prior to 1930 to allow new and independent enterprise a chance were stifled. Industrial Germany became so self-regimented that there was a place for everyone and everyone had to keep his place. The cartel system led only to higher prices. Here was regimentation without leadership and arbitrary power without control. Germany became organized to such an extent that a Fuehrer was inevitable; had it not been Hitler it would have been someone else." Speech before the Cleveland Bar Association, March 7, 1939 (Justice Department news release). The implication that the advance of monopoly controls leads to Fascist type systems corresponds entirely with the facts. See also Bruck, *Social and Economic History of Germany from Wilhelm II to Hitler, 1888-1938,* and the various articles of the London *Economist* cited above. But there is likewise a dangerous over-simplification in so stating the matter, as will be pointed out in the following article.

* The concluding installment will appear in the December issue of the QUARTERLY.—ED.

ROBERT A. BRADY

COLUMBIA UNIVERSITY

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THE SELIGMAN CORRESPONDENCE III *

Thomas McIntyre Cooley [28]

Dec. 25, 1886.

Early in the season I was invited by the Associated Railroads of Kentucky, Tennessee and Alabama to allot to them respectively the percentages of business to which they would fairly be entitled in view of their respective advantages and affiliations. And also to fix the relative charges to be made by them for carrying freight into or through the districts reached by their several roads. The problems—as you will naturally infer—were very difficult and complicated and as usually happens in such cases, much complaint was made of the awards. They have however been allowed to stand and have proved in the main satisfactory.

I have thought perhaps you would be interested in seeing how the allotments work, and I therefore send you sheets just received from the Commissioner giving the results thus far.

The Commissioner in his letter enclosing the statement says, "With some exceptions, the result is certainly remarkably close for such a complicated pool." . . .

It is a very common impression that when percentages are thus allotted competition ceases, but that is a great mistake. The roads continue to compete for business as before, and if they maintain rates while doing this, the result shows whether

* The first two installments of the Seligman correspondence appeared in the March and June 1941 issues of the QUARTERLY.—ED.

[28] Cooley (1824-1898) was one of the great lights in the development of American constitutional law. As the first chairman of the Interstate Commerce Commission he was in good part responsible for the success of the Commission. Though the Interstate Commerce Commission Act was in principle contrary to his earlier views, he so faithfully carried out the Act that he had his earlier pronouncements on railroad regulation used against him. For an account of Cooley see Jerome C. Knowlton in *Michigan Law Review*, vol. 5 (1906-1907), pp. 309-325. The second letter was written while Cooley was chairman of the Interstate Commerce Commission.

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the allotments are just or not, and lays the foundation for re-adjustment whenever fairness requires it.

January 21, 1888.

In Bradstreet's I see that you are quoted as saying that the Commission has made a mistake in declaring that personal discriminations have ceased, and as adding that "every one in contact with the large shippers of the east knows that personal discriminations still continue in unabated vigor, but cloaked under more skillful disguises." If you are correct in this, the fact is one of very great importance, and the Commission would be very glad indeed to know in what the evidence consists. The Commission made the statement it did upon a number of facts all tending to the same conclusion.

First, although we are constantly brought into communication, by correspondence and by personal intercourse with parties who think they have grievances against railroad companies, and are every day hearing a variety of complaints, an accusation of personal discrimination, unless it be one that results, by reason of peculiar facts, from the open and published rates, is almost unknown. This would seem to be very strong evidence of the truth of the statement made in our report; for a personal discrimination is never made without some one being interested to complain of it; and if the fact is *known*, there must be some evidence of it; whatever may be the disguises under which it is covered.

But *second*, in the cases investigated by the Commission, when the opportunities for thorough inquiry were ample, and where parties were before us who were ready and eager to prove direct or indirect discrimination if any existed, there has hardly been an attempt made to do so. The complaint that the rates as made and published were discriminating has been frequent. In some cases this has been sustained, and in still others it is awaiting decision, but almost without exception the charge of undue preference has been based upon the rates or upon some failure to give the complainant the full benefit of them. Where attempt has been made—and this has been but

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seldom—to show any secret arrangement or favoritism, it has altogether failed. Nevertheless in some of the cases dealers would no doubt have assumed that such secret arrangement or favoritism was unquestionable. A striking illustration of the fact that men assume to *know* what they only *suspect* has been brought out before us this week. A dealer was so certain his competitor was being favored by secret rates or rebates that he resorted to the device of underbilling his own consignments to the extent of twenty per cent; and when detected in this, he justified himself on the ground that the underbilling was necessary to bring about equality, and give him as low rates as his competitor had. Yet the most searching investigation failed to bring out any fact occurring since the passage of the Interstate Commerce Law which would tend to justify the suspicion; and the traffic manager of the road—which is a long and important one—testified in the most positive terms that since the passage of the law no instance had occurred to his knowledge in which one or more dealers had been given by his company a special rate not made public and open to others, or a secret rebate; that his instructions were not to permit it in any case, and he had faithfully abided by them. I cannot say that this testimony is not false, but if a dealer were to say that he knew this road was violating the law in this regard, I should think he was fairly bound to report to the Commission in what his knowledge consisted.

I write this to you because you are accustomed to treat railroad questions intelligently, and you have the same desire that the Commission has, that the law shall have impartial enforcement. Allow me in the same connection to mention a fact that is not without its importance when the general result of the workings of the law is under consideration. Before the law there was in every section of the country a class of men who were receiving special favors from railroad companies and getting rich by means thereof. Commonly these men were prominent in their several localities, and would naturally be addressed if any industrial publication were to undertake to gather public opinion regarding the workings of the law. But to such men the law itself is obnoxious; and precisely to the

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extent that its impartial provisions are obeyed, will reports coming from them show that the operation of the law has not been satisfactory. Our observation justifies [us] in saying that such persons are heard from in proportion to their numbers very much oftener than are those who are content because they are now given equality.

In view of the great importance of this subject I trust you will consider the request neither unreasonable nor importunate that you lay before the Commission any facts which have led you to the conclusion stated regarding personal discriminations. No subject connected with the administration of the law is more important. If discriminations continue with unabated vigor on any line or in any action, the Commission, if the facts can be reached, will deal with it vigorously and unrelentingly and make use of all its powers to that end. Any private citizens who know the facts should be not willing merely, but solicitous to supply them.

Seligman to Cooley

Jan. 26, 1888.

The interstate commerce commission has already done such admirable work that I should exceedingly regret if anything I could say or do would cast the least imputation on their efforts or the least shadow on their results. On looking at Bradstreets I found that I had not been correctly quoted. When the editor of the Age of Steel asked for my opinion on the workings of the law, I sent a short communication reviewing the cases decided. As to local discriminations I pointed out the great improvement that has been made. As to personal discriminations, I called attention to the "allowance for quantity" decision. In reference to rebates proper I stated that on the transcontinental roads these personal discriminations had entirely ceased. As to the Eastern roads I gave as my opinion that personal favors still continue in "*almost* unabated vigor", —inferring thereby that some improvement had been made. It must be recollected moreover that for some years the rebates on the Eastern roads have notoriously been far less than in former times.

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You ask now for the grounds of my statement. The subject of personal discriminations is an exceedingly delicate one. Where the chances for deception are so numerous, and the temptation and evident interest of the favored shipper to conceal his advantages are so great, it is manifest that the detection of offenses must be correspondingly difficult. It is indeed true that in the Eastern roads business seems to have been profitable and rates well maintained, so that if there be any rebates at all they must be compared with those during a similar condition of prosperity before the passage of the Law—and not with a period of unsettled rates or railway wars.

When, during the past few months, I undertook to make inquiries, I spoke only to personal friends—for others would naturally be unwilling to say anything at all to outsiders. One of these friends—a large transcontinental shipper—informed me unequivocally that personal discrimination had ceased on those lines, and as he would be apt to know the condition of his rivals, I so concluded.

As to other parts of the country I spoke to several shippers. My conclusion was that advantages were still given, although of course the shippers were adverse to stating in what shape this was done. I was led to believe however that underbilling as such was no longer practised, because of the risk of loss in case of injury to the consignment.

This may seem mere hearsay evidence, but it appeared to me that I was justified in drawing my conclusion. I should be only too glad to discover that my generalization was unfounded, and that I was mistaken in my assertion. No feelings of false pride would prevent me for a moment from confessing my mistake, if it be a mistake. And I sincerely trust for the welfare of the people that it is a mistake. It is indeed true that I may have expressed myself too strongly in saying "everyone in contact with large shippers knows" etc. But that was called forth by the statement of the commission as to "the putting an end to rebates", i.e. (Rep[ort] p[age] 322). Both assertions are perhaps a little too positive.

I shall take occasion to make further inquiries into the matter, and if I find that the statements of the shippers can be

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relied on, and point to a cessation of these favors, I shall take great pleasure (if you deem it of any importance) to write a note to the Age of Steel or Bradstreets, giving the result of my investigation.

I am certainly as desirous as can be any member of the commission that rebates be entirely stopped. And in my capacity as private citizen I should gladly do what lay in my power to achieve this result. But you plainly see, I trust, how impossible it would be for me as a scholar and a gentleman to divulge private information which was confidentially communicated and which might be used for purposes of inculpation.

If the information I received was mere "buncombe", your criticism that men assume to *know* what they only *suspect*, would be perfectly valid. As to that I shall inquire further.

Charles Nordhoff [29]

Nov. 14, 1888.

. . . I had already read and have now reread the pamphlet [30] with great satisfaction and interest; and I was particularly struck with what you said as to the probable spread of trusts. . . . The spread of trusts means a controlled, in place of an uncontrolled production, I suppose. It must work a complete change in practical political economy.

. . . Even free traders have of late begun to deplore the spread of cheapness and to speak of good times as the times when prices might become higher.

What is becoming of political economy anyhow?

[29] Nordhoff (1830-1901) was an influential journalist. His *Communistic Societies of the United States* (1875) still is of considerable interest as a contribution to the social history of the United States. His *Politics for Young Americans* (1875) was a popular school text which, in accordance with an old tradition, included the principles of economics.

[30] "The Interstate Commerce Law", POLITICAL SCIENCE QUARTERLY, June, September 1887. Professor Seligman asserted, as did a large number of economists, that the era of free, unrestricted competition was over, that trusts and combinations were here to stay, because they eliminated the cutthroat and anarchic competition, and therefore government policy should be regulation, not suppression, of the combinations.

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Andrew Dickson White [31]

March 28, 1885.

. . . . .

I note your request regarding materials for a scientific study of cooperation and industrial partnership. You could hardly select a better subject for fruitful study.

. . . . .

Have you ever seen Mr. Pullman's attempt near Chicago at his town of Pullman? If not, the sight of it is worth the journey there. Mr. Pullman will be very glad, I am sure, to give you access to everything. Ely, in his article upon it in *Harper's* did not, I think, do it justice.[32] It will not do to discuss efforts of this kind in too much of a *doctrinaire* spirit. To do so is too much like resisting the taking of medicine in acute or chronic disease on the ground that all that healthy persons need is plain, substantial food.

Daniel De Leon [33]

March 1, 1887.

You will doubtless remember the conversation we had about two weeks ago in the vestibule of the College Library when you told me that, much as you admired the earnestness and the motives of the leaders of the United Labor Party, you

[31] White (1837-1918) was a historian and president of Cornell University. He is noted for his *A History of the Warfare of Science with Theology in Christendom* (New York, 1896). On the organization of the American Historical Association in 1884, he was selected as the first president. His *Paper-Money Inflation in France* (New York, 1876; new edition as *Fiat Money Inflation in France*, 1933) has been used on every appropriate occasion by the opponents of government paper money. An opponent of laissez faire in the fashion of Disraeli, he gave support to the promoting of the American Economic Association. For an account of White see his *Autobiography* (New York, 1905).

[32] Ely felt that the material comfort of the employees was well taken care of, but he thought that the paternalism was against the democratic tradition.

[33] De Leon (1852-1914) went from university teaching to an outstanding position in American socialism. While holding a prize lectureship in the Faculty of Political Science of Columbia University, he vigorously supported Henry George's candidacy for mayor in 1886. His views, expressed most succinctly in *Socialist Reconstruction of Society* (New York, 1905), were praised

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blamed them for laying down economic views — on the land question especially — which, as you put it, were at variance with the views of trained political economists and which, as you claimed, were wholly lacking of foundation in facts.

I do not here mean to repeat the arguments with which I then met your statements; nor to add numerous others. But gathering from the earnestness with which you spoke, that you evidently do not belong to the thoughtless class of people who take this to be but a slight movement, I wish to propose to you, and through you to any other trained political economist, to meet any of our leaders you may choose and debate in public this important land question which is the first and foremost plank on our platform.

You must agree with me that, if our leaders are indeed misinformed, it is important they should be corrected and their ignorance exposed; and it is of still greater importance that their errors should be made clear, not to those who never believed with them, but to those whom they lead, and whom, if you are right, they are leading astray. Fortified with the facts which you say these men know nothing of, such light might be thrown upon the subject to those most in need of it that the whole threatening aspect of our political horizon would be cleared up, and it would be cleared up much more effectually than by means of militia bills or other repressive measures which, as the tremendous increase of the Socialistic vote in Germany shows, always have a contrary effect.

It strikes me that to bring about such public debates becomes a matter of duty with those who hold as you do. You say you lecture against Henry George; but you will understand that the lecture-room, even if it were crowded, is not the place to combat the baseless fallacies you say the United Labor Party

by Lenin as presenting the ultimate form of the government of communist Russia.

Seligman aided De Leon financially. A letter from De Leon to Seligman dated Oct. 30, 1888 states, "Coming to think of it I shall avail myself of your kind offer to advance me the amount which would be now due me on my lectures. It is two hundred dollars."

There is no good account of De Leon. His early history is obscure.

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advocates: you must remember that Victor Hugo was brought up by Jesuits; that Luther was trained a Roman Catholic monk; that Washington was a colonel in a British army; and that Bolivar was a graduate of a university in Spain. Somehow or other pupils are not always, nor even generally, disciples; besides the times are too stirring and pregnant to expect much good from the slow process of pedagogy.

If I have not mistaken your sentiments, and this invitation is responded to, let me assure you, or any other trained political economist, that you will have no more attentive and respectful hearers than the members of the United Labor Party. Among them there is no riff-raff. The slums, as you surely have gathered from the official returns, did not go with that party; and, as you may judge, the 25,000 votes which according to good authority are controlled by the Police and are cast in this city by the criminal class, were not cast for Henry George.

Woodrow Wilson[34]

19 April 1886.

Your letter of April 17 has just reached me. I would cheerfully undertake the review you propose but for one very important fact. I am self-taught, and *recently* self-taught, in German, and consequently, read it *slowly*. If I had from now to the first week in May, uninterruptedly, for the perusal and review of Gneist's book,[35] the time would be quite enough. But I am compelled to be away from home most of this week

[34] Wilson (1856-1924) wrote the first two letters while teaching the social sciences at Bryn Mawr; the others while president of the United States.

By traditions of birth and culture, Wilson was a southern Jeffersonian Democrat, but he sought to fit the Jeffersonian small-scale scheme of things to the administrative complexities of a far-flung industrial nation that Jefferson had predicted would be the death blow of democracy. His early "Study of Administration" (POLITICAL SCIENCE QUARTERLY, June 1887), to which the second letter refers, reveals, however, some of the conflict between administrative requirements and "constitutional principle" that now occupies the center of American politics and government oversight of the economic organization.

[35] Rudolph von Gneist, *Das englische Parlament in tausendjährigen Wandlungen vom 9. bis zum Ende des 19. Jahrhunderts.*

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and about half of next week, on a business trip to Boston, and the time over and above the period of my absence would not be enough for such a reading and review as such a book should have.

I am extremely sorry; but you see the imperative nature of my reasons. I am not disinclined — quite the contrary; I am only unable.

11 Nov. 1886.

I am very much obliged indeed for your kind suggestion concerning my paper on the study of administration. I did not prepare it with any thought of publication, but only as a semi-popular introduction to administrative studies, treating of the history of the Science of Administration, of the conditions of the study, and of the needs for it in this country; the methods proper to it, etc. In other words, it goes critically round about the study, considering it from various points of view, rather than entering it and handling its proper topics.

I have, however, no objection to publishing it, if it will at all suit your *Quarterly:* and I wish to leave that question *entirely* to you. I send the paper; but I wish to be taken *literally* as meaning what I say in just the way I say it—when I suggest that, if you return it, so far from hurting my feelings in the least, you will only be confirming me in the thought that it is too *slight*—will only be paying me the compliment of agreeing with me.

Trusting to your kindness to consider *my* interests in this matter by considering the interests of the *Quarterly*.

8 December 1917.

It was a very friendly thought that led you to send me . . . [the above] letters of the ages before the flood. The flood being now upon us, I dare say that most things will seem to us antique that antedate it.

. . . . .

I hope that I have not entirely got over the modesty of these letters; indeed, oddly enough, I remember the particular paper

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referred to in the second letter and still retain the opinion of it which I had then.

Seligman to Wilson

September 23, 1914.

On my return to town from a rather lengthy trip I find that [in regard to the Colorado coal strike] you were to see the Colorado operators on September 23rd. It may possibly have come to your notice that after Mr. Rockefeller's pronunciamento I wrote a long letter to the papers last April in which I took rather strong ground in defence of the workers' right to be recognized as a union. The article was widely published and commented upon.[86]

In the meantime I happened to be at Denver a few weeks ago to preside at the National Tax Conference, and took occasion to look into the situation and to have several conferences, among others with Governor Ammons and the leading coal operators, including Mr. J. C. Osgood and Mr. J. F. Welborn.[87] I must confess that while my economic philosophy remains absolutely unshaken, nearer acquaintance with the facts makes me view the actual problem a little differently and makes me realize that absentee ownership is as important and as malign in the case of the workers as it is in the case of the operators. If you should have been unable to make any headway with the operators and if you desire to consult me in the matter, I should be glad to run down to Washington some time at your

[86] See Seligman, "The Crisis in Colorado", *Annalist*, May 4, 1914, pp. 552-553.

[87] Welborn, president of the Colorado Fuel and Iron Co., wrote to Seligman on September 18:

"Mr. Osgood, who is out of town and will be for a day or so, advised me that you said to him that if we desired it you would be quite willing to address a letter to the President, telling him briefly your views of the Colorado coal strike situation after your observations in the State.

"I do not want to seem presumptuous, but if you could consistently tell the President in a few words what you think of the controversy, I am sure it would give him valuable light on the subject. The President has very kindly granted a meeting to a committee of operators for Wednesday, the 23rd instant. . . ."

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convenience. The older I get the more I realize the chief thing needed in labor disputes is a little more imagination, the capacity to imagine or picture the point of view of the other fellow; but I am convinced from my study of the facts that the operators have been in many respects misrepresented.[38]

Wilson to Seligman

September 29, 1914.

I thank you sincerely for your letter of September twenty-third about the Colorado strike situation. It may be that I shall find an opportunity to consult you. Just now we are in the throes of discovering whether the operators are willing to do anything at all or not.

In haste.

Richmond Mayo-Smith [39]

July 21, 1896.

. . . . .

Politics is the absorbing topic here. We are going through the most extraordinary outbreak of anarchism and populism. Everybody seems to think that McKinley will be elected but I think the movement will unsettle financial affairs for several years to come. The silverites make such a clamor that it is impossible to say whether it will all collapse like a soap-bubble in November, or whether we are really on the verge of a social revolution. Is it the old devil of greenbackism or is it seven devils that have entered and taken possession? The great question is whether Silver has taken real hold on the farmers and laboring classes of the middle and central states. I doubt if we know until November.

[38] See Seligman, "Colorado's Civil War and Its Lesson", *Leslie's Weekly*, Nov. 5, 1914, pp. 440-444.

[39] Mayo-Smith (1854-1901) was professor of political economy and social science at Columbia, and one of the first teachers of statistics. For an account of his life, see Edwin R. A. Seligman, "Biographical Memoir of Richmond Mayo-Smith", *Memoirs of the National Academy of Sciences*, 1924, vol. XVII.

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July 29, 1897.

. . . . . .

. . . while I was at Rouen, they held a Congress of French Protestants to consider the social questions. . . . They are all a little anxious about the falling back of France among the powers in point of population. They talk about wealth and individual comfort and intellectual leadership, but they all see that if numbers are to count for anything in the contests of the future (and who is bold enough to say that they will not count) France is losing ground. [Charles] Gide advocated an aggressive colonial policy even if it should be economically a loss. The grand display of colonial power at the Queen's jubilee, made them all feel a little "second rate" too, and as if England somehow had gotten ahead of them as a world-power, something which is pretty bitter for Frenchmen, remembering Louis XIV and Napoleon, to believe.

W. A. Dunning [40]

July 9, 1912.

. . . . . .

I am truly sorry for you in your perplexity about the political situation. To me, whose Democracy has long been a mere reminiscence, everything is as clear and smooth as a summer sea. I fights mit Wilson! To be sure, I am confident that he will have his party and its leaders all by the ears within three months of his inauguration; but I shall not regard that as an unmixed calamity. As for you Roosevelt rooters, I am wholly unable to understand your trouble and excitement. Why you should have suddenly got the idea that the Republican party under Taft should have become the sum of all evils, when the same aggregation under McKinley (and Hanna) was the sum-

[40] Dunning (1857-1922) was Lieber professor of history and political philosophy at Columbia University. His social philosophy stemmed from the great tradition of Calhoun with its deprecation of the rule by the "numerical majority" as making for agrarianism or plutocracy and eventually despotism. He was the author of notable treatises on the "era of reconstruction" in American history and on the history of political theory. For an account of Dunning see C. E. Merriam, "William Archibald Dunning", in *American Masters of Social Science*, edited by Howard W. Odum.

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mation of righteousness, is too much for my poor intelligence to penetrate. That party has long been the mainstay of plutocracy and privilege, and it has gloried in the fact. Poor old blundering Taft hasn't made it any more so. Why then visit harsh judgment on him? Is it that you have been hypnotized by Teddy? Haven't the scales fallen from your eyes since he became a mere "squealer"? Can you conceive the torridity and scurrility of his scorn and denunciation of Taft, if the fat one had been under instead of on top of the steam-roller, and had emitted such screams and yells as we are now hearing from Oyster Bay? Teddy used to command a lot of respect and admiration from me; but when he threw his hat into the ring, both depreciated fifty per cent, and the other fifty has now oozed away since he, the "practical man", gave himself up to the courses of the merest weakling in politics.

The moral of all of which is: Vote for Wilson!

Sept. 11, 1912.

. . . . .

I spend many precious hours pinching myself and tweaking my ears and rubbing my eyes to make sure that all this Bull Moose fracas is not a grotesque nightmare. To think of such hitherto semi-sane and responsible citizens as you and Davis Dewey and Frank Goodnow whooping it up with a bunch that has no analogue in our political history save the Populists of 1892-96. I can't grasp it. Maybe I'll wake up when I get out of the woods and see you in the flesh.

The following letters are from European correspondents. In order to clarify certain points, a few letters written by Professor Seligman have been included.

Alfred Marshall [41]

December 30, 1895.

. . . I think it would be a very good thing if Americans like you would write to the Times, showing that while you feel

[41] Marshall (1842-1924) was the outstanding economist in the English-speaking world after the publication of his *Principles of Economics* in 1890. Ex-

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that Cleveland was not right [in the Venezuela affair] and do all you can to look at the matter from an impartial point of view, you think English action has been more irritating than most Englishmen know and that the best Englishmen would wish it to be. . . .[42]

. . . . .

April 6, 1896.

. . . May I venture to point out that you [in *The Shifting and Incidence of Taxation*, 1st edition, New York, 1892], with many others, have mistaken my use of "quasi-rent". I use it for the net income derived from any factor of production (a machine, an employer's mind, an artisan's hand) during a time too short to enable the income to affect the supply of that factor. It thus includes incomes of men who are relatively failures, as well as of any successful men.

On the other hand, I supposed the net income derived from con-nate musical genius as a true rent; while that which is derived from mere musical training, I supposed as akin to

cluded from the correspondence here published are a number of letters to Seligman asking for ammunition against the Cambridge "revolutionists" who wanted the full Cambridge B.A. for women. This, said Marshall, would give the women "full membership of the university, i.e., all the rights outside their own college" that men have in theirs, "e.g., to University Laboratories (whether full or not!). . . . We moderates want them to manage their own affairs and allow men to manage theirs." (March 19, 1896.) For an account of Marshall, see *Memorials of Alfred Marshall*, ed. by A. C. Pigou (London, 1925).

[42] Seligman had written to Marshall (Dec. 25, 1895):

"Let me thank you most cordially for your excellent letter in the Times of Monday, which has just reached us. If you could only bring some more of your countrymen to adopt the same view. Your letter just about puts into good language the sentiment I expressed the other day in writing to an English friend: You are wrong, but we are wronger. But in order that it may all end smoothly, I hope that you may be able to give way a bit also, and not expect us to do all the backing down. I don't defend Cleveland's letter; it was undiplomatic. And war would assuredly be worse than a crime. But you are dealing with a sentiment; and sentiment is an uncommonly powerful agent for mischief-making. Of course it will come out all right in the end; but even with a good ending a vast deal of harm will have been done. But if your letter is backed up by similar expressions of ideas the work of reconciliation will be far easier. In the meantime let me thank you again for standing up so manfully in what seems to be an unpopular cause. But that is what we always expect of you. . . ."

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profits for long periods and of course as a quasi-rent for short periods (see *Shifting*, p. 173).

Most of these points are made more clear in my second edition than in my first. I know it is unreasonable to expect people to buy two editions: I am sorry. (But see top of 603, first edition.)

On p. 156 you seem to think I was helped out by Fleeming Jenkin's paper ["On the Principles which Regulate the Incidence of Taxes", *Proceedings of the Royal Society of Edinburgh*, Session 1871-2]. It is a matter of no moment but as a fact my obligations are solely to Cournot; not to Fleeming Jenkin or Dupuit. I had given the main substance of my doctrines in lectures a year or two before he read his paper at Edinburgh; while I read very shortly after that a paper at Cambridge in which I showed the curves in my present chapter on monopolies. I did not use then my curves now in Book V. Ch. VI., first edition, because they did not need Mr. Cunynghame's charming machine for drawing rectangular hyperboles which was the *motif* of my paper. (See Preface to my first edition, p. xl, n.) I don't in the least suppose he had heard rumours of my work then; but several years later he did; and sent me a copy of his Edinburgh paper. That was the first I ever heard of it. His paper ["The Graphic Representation of the Laws of Supply and Demand and Their Application to Labour"] in *Recess Studies* [edited by Sir Alexander Grant, Edinburgh, 1870] was a good deal talked about and I heard of that quite early.[43] The form of the curves used by him was similar to that of curves used in the early editions of Rau's Volkswirtschaftslehre — I saw them in the second edition of that book, I think. But they are not in the only edition which I have,—the eighth.

Oct. 21, 1896.

You say you think it was a "natural" to assume that I had borrowed my theory of taxation in relation to consumers' rent—

[43] Both of Jenkin's essays were republished in his *Papers, Literary, Scientific . . .*, vol. 2 (London, 1887); the London School of Economics reprinted from this volume in 1931 the essays on economics under the title *The Graphic Representation of the Laws of Supply and Demand, and Other Essays on Political Economy.*

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or some part of it from Fleeming Jenkin. Will you kindly forgive my saying plainly that it seems to me most unnatural—I make it a point of honour to acknowledge my obligations—whenever I contract them, and when they are not obvious. I do not attempt to estimate how much I owe to Adam Smith or Ricardo. But I purposely worded my reference to Jenkin so as to imply that I was under no obligation to him. . . .[44]

I do wish some competent American economist — you or Taussig or Walker — would write a clear account of United States labour conditions. A good deal comes over to us from your side of the question, but it is not written by the right people.

March 29, 1899.

Your most welcome book on *Incidence of Taxation* meets a real want; and I have just got a second copy, besides the one you were so good as to send me, for the book case in my lecture room. . . . You know I am always a little sceptical about the possibility of putting the work of a big man inside a pigeon hole. I suspect one is tempted to prune him severely when there is a difficulty about crowding him in. So my sympathies are more strongly with the second part than with the first. But taken all together it is a great book.

April 23, 1900.

Of course it is the MS relating to Foreign Trade that you want: and unfortunately I cannot spare that. I am constantly refusing requests for them. I have barely enough left for my own use, and that of my pupils. I could lend you a copy for the long vacation and will trust to your faithfully returning it.

I have a few copies to spare of my MSS on so-called "Domestic Values".[45] They are entirely superseded by the corresponding chapters of my *Principles*. But I send you one to

[44] In the second edition of *The Shifting and Incidence of Taxation* (1899), the passages on the relation between Jenkin and Marshall were eliminated.

[45] Both essays have been published by the London School of Economics as *Pure Theory of Foreign Trade and Pure Theory of Domestic Values* (London, 1930).

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keep for curiosity sake. The substance of them was given in great part — in lectures very early; before the publication of Jevon's theory.

The MSS do not explain themselves. In about 1873 I decided that my first book would be on International Trade, with reference to Protection, etc. on the analytical and realistic sides; but not on the historical. So I began to write, and in 1875 visited [the] U. S. A., chiefly in order to study enlightened Protectionism on the spot.

The work was in two parts. The first was to be addressed to the general reader; the second, in smaller type, to academic students exclusively. The second part began with an introductory chapter on my favorite theme—The One in the Many, the Many in the One; and showed how with modifications in detail the pure theory of Foreign Trade was applicable to many industrial and other problems. Then came three chapters on the pure theory of Foreign Trade; and then two on Domestic Trade. These were introduced for the purpose of leading up to "Consumers Rent", which I wanted to apply in an economic measure of the *indirect* effects of customs duties, whether "Protective" or not.

By June 1877, I had nearly finished a first draft of Part I, and of all of Part II except that last chapter, which I found very troublesome (and which I am quite sure now I shall never write). My work was then broken off by an advertisement of the Principalship of University College, Bristol; and by my being drawn into writing a hollow Economics of Industry, in which truth was economized for the benefit of feeble minds.

Then I became seriously ill; and in '78 or '79, [Henry] Sidgwick asked me to lend him the MSS. Later on he asked my leave to print some chapters for private use in the economic discussion society at Cambridge. I consented. He chose Ch. II, III, V, and VI. I did not know for some time afterwards which he had chosen, and of course the crude draft was printed verbatim without corrections even of the most obvious flaws. This explains (i) their general crudity, (ii) the absence of explanation of their drift, (iii) the want of any reference to

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the *real* conditions of foreign trade; they were given — very badly—in Part I, (iv) the fact that Domestic Trade is treated *after* Foreign Trade. . . .

As to the MSS. I withdraw entirely Case II of the Foreign Trade and my whole treatment will be different from that in these papers. Chapter I of Part II explained away a good deal of the succeeding chapters; i.e., explained that they belonged to the economic toy shop rather than practical work shop.

May 13, 1900.

I am lost in a mass of material relating to Trade, Money, etc. which I cannot get into order. I can't recollect what I have said in one chapter, and am constantly saying the same thing twice, and wasting time. So I have not the power to read carefully new books on Distribution. I am heartily glad Prof. Clark's book [*The Distribution of Wealth*] is nearly ready; I feel sure that it will add to the very high reputation of the Columbia series.

But it has always been against my rule to write reviews. I have only written one in my life: that was of Jevon's *Theory* when it first appeared, and then I wrote only because there was no one else who had been working systematically on the subject of that book in England.[46]

[J. A.] Hobson is shrewd; but his overwhelming haste is vexatious to a slow worker. He seems to have misinterpreted me on consumers surplus; just as that almost equally dashing writer Nicholson has, and as nine students out of ten are inclined to do when they first hear of the subject. In consequence I have added further explanations about them; rent—in-relation-to-prices, etc. in Ed. iv. Hobson has not found time to read them; and, as he seems to me very much out of his depth in all such things, I have no time to read him. Only I shall not pretend I had, as a reviewer in *The Political Science Quarterly* must.

[46] Marshall had also reviewed Edgeworth's *Mathematical Psychics* in *The Academy*, 1881.

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Nov. 19, 1902.

I ought to have thanked you before for your very suggestive book on the Economic Interpretation of History. As usual I am inclined to think that the true meanings of great doctrines are seldom as extreme as they appear. I wish that you or some other American would organize a collective attempt to apportion to economic and other influences their several shares in the chief movements of human life on this earth. It seems to me too large a task for any one man to *execute*. But it might be, with advantage, I think, organized by one man. Fifty years hence I hope England will have a staff of people ready for such work, perhaps she may have them sooner. But our economic schools have to be erected first. Why should not America do it? and you?

I never take any one else's suggestions as to how I should spend my time. So I never expect any one to take mine. But as I am sure I shall not ever develop—as I had once hoped—the opening paragraph of my Book I Ch. II, I have ventured to intrude this suggestion on you.[47]

Seligman to F. Y. Edgeworth [48]

1897 (?)

. . . Does not our difference arise mainly from the fact that you are discussing all through the prevalence of the law

[47] A letter from J. B. Clark to Seligman, dated Oct. 26, 1910, has this paragraph as regards Marshall's activities: ". . . Professor Marshall is in much better health than I expected to find him in and is working vigorously on a book, which he hopes will appear in two years. It will not be the entire Part II of his work, but will deal with International Values, Protection, and I know not what other subjects. I think he does not now expect to make a Part II that will cover all the field he meant it to occupy. It would be a vast work in point of size."

[48] Edgeworth (1845-1926), professor of political economy at Oxford, brought his mathematical training to bear in economics, and made contributions to the theory of probability and statistical theory. For an account of Edgeworth see J. M. Keynes, "Francis Ysidro Edgeworth, 1845-1926", *Economic Journal*, 1926; republished in *Essays in Biography* (London, 1933).

The first letter requires a presentation of surrounding circumstances. Seligman in the first edition of his *Shifting and Incidence of Taxation* (1892) had argued that in the case of a specific tax on a monopolized article, "if the tax

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of decreasing returns while I was assuming, so far as I can remember, the law of constant return?

. . . Under the law of constant return, which I shall assume is the normal case, the more the demand falls off with increased price the more the monopolist will tend to bear the cost himself. Suppose the cost per unit is $80 and the selling price $100, and the monopolist sells 100 units thus getting net profits of $2000. Now suppose the net tax of $10 a unit is imposed. If he pays the tax himself he will now net $10 per unit (20 — 10) that is a total net profit of $1000 (100 × 10), but if he raised the price to the total amount of the tax and the demand falls off very greatly so that he will sell only ten units he will now net $30 in each unit (110 — 80) [49] which will yield him profits of $300. . . . If the demand only falls off to thirty he will make net profits of $900 (30 × 30) while if he still sells forty units he will net $1200. Is it not true, therefore, that the more the demand falls off the more he will be tempted to bear the tax himself? He would rather net $1000 than $900 and certainly rather than $600 or $300. Of course in all these calculations I am again assuming constant returns.

As I have said, I have no doubt that I am wrong but I should be glad to have you point out where the error of my arithmetic lies.

Of course your interest in all these problems lies rather in pure Economic Theory. I confess that my whole investigation was undertaken rather with a practical end in view and it was for that reason that I attempted always to emphasize the influence of friction. I fully appreciate however, the importance of exact Economic Theory even though the result may be to force upon us the conviction that the theories are of very little use for the practical purposes of life and that in discussing the

is small and the demand apt to fall off a great deal with increased price the monopolist will be likely to find it profitable to bear the tax himself." Edgeworth sharply criticized Seligman's position in his "Pure Theory of Taxation, II", *Economic Journal*, June 1897 (republished in Edgeworth's *Papers Relating to Political Economy*, vol. II, London, 1925).

[49] Seligman appears to have neglected to add the tax to the cost, but this does not affect his argument.

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finer points of the incidence of taxation we can really not see the forest because of the trees.

Edgeworth to Seligman

July 21, 1897[?].

It gives me great pleasure to learn that you are not offended by the freedom of my criticisms. In matters admitting of a distinct right and wrong there is much to be said for the practice of hitting hard, while being prepared to acknowledge a mistake made by oneself. That seems to have been the principle on which we both have proceeded. I have never been ashamed to admit that I have been mistaken, and you will find me ready to give as well as take.

With regard to the particular objections which you raise in your letter I think you will be disposed to reconsider them when you reflect that you have not utilized the essential condition of monopolistic price: that the net profits of the monopolist should be a maximum (before as well as after, the imposition of a tax). It is not open to you to suppose (1) that the quantity demanded is 100, (2) the price $100, (3) cost per unit $80 and then (4) that the rate at which the demand falls with the increase of price is either great or small. For those four quantities which I have indicated are (in virtue of the *maximum* condition) connected by an equation (you cannot then suppose (4) now small and now great when (1) (2) or (3) are given). This equation may be stated as follows:

Net Profit, i.e., (Price — cost per unit) × quantity demanded at price, being a *maximum*, the increment thereof attending a small increment or decrement of price must be negative (i.e., the monopolist cannot increase or diminish the price with advantage to himself). Now the increment of the net profit is (cost per unit being constant) increment of price × quantity + (price — cost) × increment of quantity (plus the small negative quantity increment of price × increment of quantity). As quantity diminishes with increase of price, we may write, for increment of quantity, — decrement; and thus

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from the condition that the increment of net profit is negative, whether increment of price + or —, we have (transposing and dividing by increment of price)

$$(1)\quad \text{Quantity} = (\text{price} - \text{cost per unit}) \times \frac{\text{decrement of quantity}}{\text{increment of price}}$$

(see P.S.)

The fraction at the extreme right is the rate at which in your phrase "the demand falls off with increased price."

Now, this condition of equilibrium having been reached let it be disturbed by a small tax of so much per unit. The first term of increment of net profit corresponding to an increment of price (above the old price) is *now:*

increment of price × quantity + (price — cost — tax) × increment of quantity.

(cost and tax both per unit of commodity) (see page 413).

But by the preceding condition the greater part of the above expression vanishes and we have (after the tax):

$$(2)\quad \text{Increment of net profit} = -\text{tax} \times \text{increment of quantity} = +\text{tax} \times \text{decrement of quantity}$$

Thus in general the first term of increment of net profit attending an increment of price (after the tax) is *not zero.*

So far as to your first objection. As to your second, consider the above equation (2) and divide both sides by increment of price; and you have

(3) Rate-at-which-net-profit-increases- (after the tax) with-increased-price equals tax-per-unit × rate-at-which-demand-falls-off-with-increased-price. Thus the *greater* the rate-at-which-the-demand-falls-off-with-increased-price the *greater is the advantage* attending an *increase* of price (above the old price which prevailed before the tax). And it is not a very long step from this conclusion to the theorem in question; viz., that the *greater* the rate at which demand falls off with increase of price the *more* the monopolist will increase the price.

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The contrary presumption which obtrudes itself is true of the *original price*. The less the rate at which demand falls off with increased price the *more* the monopolist will exploit his customers by raising the price. But just because of, or at least "along . . ." [with], that fact the less he will exploit them *after* the tax; and *conversely*.

As to the law of decreasing and increasing returns, I admit that I ought to have stated more explicitly that all I had said under head aB [in the article] is (with very slight reservations) true of ab. I do in fact imply nearly as much—under the head ab. page 236, last page, but two of article II. All that I have just now said is I think true irrespectively of the law of returns (see P.S.). I do not plead guilty to having omitted "constant returns". It is included under my a as defined at the beginning of the first article.

But those distinctions are of quite secondary importance with respect to the abstract theory of *monopoly*.

I wish you would direct your powerful criticism against my paradox that a tax on one class of railway fare might have the effect of *lowering* the fare both for that class and the other classes. If it is true, is it of any practical importance?

I am sensible that you are a much better judge of practical importance than I.

Again acknowledging the sane and almost unexampled courtesy and consideration with which you have deferred to my criticism, I remain

Yours sincerely

F. Y. EDGEWORTH

P. S. Referring to p. [415] above, I have used the case of "constant returns" by way of illustration, as you supposed it in your example. But it is not essential to my argument. In what I have said about "increments" I have presupposed some knowledge of the calculation of *Maxima*. An example may make my meaning clearer. Let X be the quantity demanded at price of Pi and for the purpose of contemplating the principle of maximum, let the law of demand be as simple as possible, say X equals A — p. Then the monopolist will seek to

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maximize p (A — p) where A is constant, if there is no *cost* of production [or p (A — p) — X x C if the cost is constant C per unit]. In the first case; increment of profit = increment of p (A — p) =, if we put Δp for increment of p,

$$(p + \Delta p)\ (A - (p + \Delta p) - p(A - \Delta p)$$
$$= \Delta p\ (A - 2p) - (\Delta p)^2$$

Here Δp (A — 2p) is what I have called above the *first term* of the increment. *It must be zero in order that there may be a maximum.* Pray realize this.[50]

January 8, 1915.

. . . There is one point which if it should happen to be relevant I would gladly see explained. I refer to the opinion expressed in the vigorous pamphlet ["Economic Interpretation of the War" in *Problems of Readjustment After the War,* New York, 1915] for which I have to thank you that England derives "countless benefits" from her dependencies. As you know, free traders from Adam Smith downwards have been sceptical about these benefits. William Farrer maintained that our trade with Egypt had diminished since our occupation of the country! Given free trade, the matter is not so clear and I would be glad to have your views more fully on the subject.

March 30, 1916.

. . . I am not sure that I have thanked you for your very interesting explanation as to the connection between trade and the flag. . . . I am inclined to believe with you that the classical economists have somewhat underrated the connection between the two.

[50] The difference between Edgeworth and Seligman turned on the difference of proceeding in terms of an initial, small increment in the case of the former, and sizeable magnitudes in the case of the latter.

In the second edition of the *Shifting and Incidence of Taxation* (1899) Seligman elaborated on the "pitfalls" of "mathematical economics" and dismissed Edgeworth's paradox on railway fares in a footnote. Edgeworth replied with "Professor Seligman on the Mathematical Method in Political Economy", *Economic Journal;* republished in *Papers Relating to Political Economy,* vol. I.

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There is a cognate topic which you might keep before you with a view to illustrating it from American experience, in some future communication to the Economic Journal: the alleged tendency of immigrant Germans to *capture* the industries of the countries in which they settle; as they are said to have done through the *Banca Commerciale* in Italy. . . .

William Robert Scott[51]

July 18, 1918.

. . . . .

Those who advocated crushing or even penal taxes for various reasons (some were undoubtedly pacifists, or what the French call defeatists) have been dissatisfied with the result of their campaign and they now are concentrating more and more on advocating a Capital Levy [for financing the war]. Some of our brilliant younger economists have been captured as will be seen by the last issue of the *Economic Journal*. The Council [of the Royal Economic Society] have asked me to state the other side in the next issue, and I am working at the article now. . . .

July 30, 1918.

. . . I am very glad to find that you lend your further influential support to the view that loans should find a place in a good system of war finance. The trouble is hinted at in the last page of your paper ["Who Is the Twentieth-Century Mandeville?", *American Economic Review*, June 1918]—namely that with us, as with you, so many are writing about finance who have not absorbed the necessary atmosphere, and so things seem necessary to them which are really fallacious.

I am sorry to see that my friend [A. C.] Pigou in the Economic Journal (June p. 138) has adopted an attitude which is

[51] Scott was William Smart's successor as Adam Smith professor of political economy at Glasgow. His reputation rests on the great mass of material made available in his monumental *The Constitution and Finance of English, Scottish and Irish Joint-Stock Companies to 1820* (3 vols. Cambridge and New York, 1910-1912). For an account of Scott see J. H. Clapham, "William Robert Scott", *Economic Journal*, June–September 1940.

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in fact a variant of the point you criticize. I allude to the passage where he says (as regards internal loans) "that whatever posterity will have to pay, posterity will also receive." In the intervals of my journeys on government work, I have been trying to answer this as well as other points in the arguments for a Capital Levy. Briefly my reply comes to this, that the question is not one of mere arithmetic. Two points seem to be specially important (1) that the stockholders in a loan paid off, either in whole or part (the latter by the British type of redemption) are no more than the channel through which the funds provided by the payers reach a use which, in the main, will be ultimately productive, e.g., where they reinvest. (2) We must consider the sacrifices involved or "the subjective cost". In the simplest terms, in the case of an internal loan, it seems to me that there is first the sacrifice of the taxpayers, second the sacrifice in producing the goods which result from the new production, thirdly the utility derived from that production by those who have furnished the conditions of it (amongst which interest on the capital is included). The second and the third roughly cancel. . . . That leaves, upon this form of statement, speaking generally the sacrifice of the taxpayers remaining as the real cost of redemption. This is only a bald outline, but I feel that at present there are so few with the financial sense who write about current problems that good may be done by preventing the case for sanity going by default.[52]

Edwin Cannan [53]

January 22, 1897.

. . . The University [of Oxford] elects one fifth of the City Council here, and has recently chosen me as one of its

[52] Pigou replied to the position of Seligman and Scott in "The Burden of War and Future Generations", *Quarterly Journal of Economics*, Feb. 1919.

[53] Cannan (1861-1935), professor of political economy at London University, is best remembered for his standard edition of Adam Smith's *Wealth of Nations* (London, 1904). Economists are also heavily indebted to him for his publication of a student's notes of Adam Smith's lectures at Glasgow, *Lectures*

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representatives. I find that the contemplation of local government from the inside is a thing quite worth spending a few hours a week over, and perhaps in a year or two I may have something to say about it. Unfortunately I don't feel justified in letting things go wrong in order that I may see how it is done, and violent interference with the phenomena rather destroys their value for the scientific observer. At present I am trying hard to prevent a tramway "franchise", as you would call it, (we have no convenient name), which I say is worth £2,200 per annum from being given away for £200 per annum and I feel that my intervention with stores of information garnered in the Bodleian [library] is decidedly abnormal. If I am not a deus ex machina the tramway company certainly regards me as a diabolus ex machina. There is also the difficulty about speaking frankly about a small body of which one is a member.*

on Justice, Police, Revenue and Arms (Oxford, 1896). His *History of the Theories of Production and Distribution from 1776 to 1848* (3d ed., London, 1917) has been an invaluable reference work. See A. L. Bowley, "Edwin Cannan", *Economic Journal*, June 1935, pp. 385-392; and Lionel Robbins, "A Student's Recollections of Edwin Cannan", *ibid.*, pp. 393-398.

* The fourth installment of the Seligman letters will appear in the December issue of the QUARTERLY.—ED.

JOSEPH DORFMAN

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REVIEWS

A Study of History. Vols. IV, V, VI. By ARNOLD J. TOYNBEE. London and New York, Oxford University Press, 1939, under the auspices of the Royal Institute of International Affairs. —xvi, 656; vi, 712; vi, 633 pp. $23.00.

In reviewing this massive study I suffer from the unusual disadvantage that the volumes went down with my torpedoed boat to the bottom of the Atlantic. The reviewer, therefore, owes apologies to the author for the inevitable generality and impressionism of his review. He can only deal with the general effects of the books on an attentive reader.

First, one is impressed with the immense learning that has made these volumes possible. The medieval "period" is less fully represented than the ancient, but, even so, the learning outdistances that of most scholars. Odd pieces of information, independent of the main theme, crop up—as that *"la conception de la guerre totale"* was first discussed by the French. Professor Toynbee cites the speech of M. Paul-Boncour, of March 1927, followed by that of M. Klotz. Incidentally, I recall a French novel, *La Guerre dans l'Enfer*, on the same theme during the last war. These outcrops of interesting fact of themselves make these volumes worth while.

Secondly, I am not sure that Professor Toynbee's conclusions, highly significant if true, follow from the immense accumulation of his premises. Even if true, as they may be, I still think they follow, not from the premises, but only from the soundness of Professor Toynbee's original intuitions. We see what happens to a Liberal when he has read so much history. I admit, of course, that his historical study tends massively to corroborate the conclusions although, moving swiftly between the Tsin dynasty in China, Assurbanipal, the Incas and the British Raj in India, I am unable to judge how far the evidence, even if unconsciously, may be selective. I am on firmer ground when I say that my fundamental criticism would be of Toynbee's *method*. Like the Stoics, Vico and Spengler, he seems to believe in a doctrine of *recursus*. It is significant that Professor Toynbee's tables, at the end of Volume VI, become less precise precisely when they come to the modern times when we could test the validity of the suppositions. In Spengler's case one could

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say with some confidence that one vehemently doubted whether one could forecast what would happen a century hence because one knew what happened at an equivalent period of culture in Egypt and China. I do not wish to say first that Dr. Toynbee goes as far as Spengler, or indeed that he is as "tidy" or dramatic. His methods are rather cumulative, suggesting a course, than dialectic and diagrammatic. On the other hand, I would concede to Dr. Toynbee's argument, although not to Spengler's pretensions, that there are very high probabilities in the course of history—although for causes which it does not seem to me that either Toynbee or Spengler have laid bare.

I submit that we must go beyond Croce—who finds that history is identifiable with reality and that no "lessons" are to be found in its "examples", because its future is a spontaneous act of spirit. I agree, however, with Schopenhauer that there is no science of history nor can there be, since history is of the particular. This, however, is not to deny the possibility of a "science" of human nature. In brief, in hypothetically given situations, human beings can be relied upon to pursue similar courses of action. We cannot prophesy that these situations will recur. But we can affirm that, if and so far as these situations recur, human action will be constant. If this be so, then we are entitled, on psychological grounds rather than merely on historiographical, to turn to the pages of history to indicate the probabilities of the future even though it be true that no amount of accumulated principles of fact will of themselves yield a pattern, unless we know or guess what to look for. That is the thesis maintained from Machiavelli to Marx and Mill and Bryce. It appears to me to be methodologically sound.

Thirdly, when we turn to Professor Toynbee's conclusions—there is a seventh volume still to come, so we must be cautious about these—they appear to be outstandingly two. One conclusion is that the methods of violence and force always fail to secure peace and the development of civilization. Even the "Saviour with the Time-Machine" fails to ensure the tranquillity he promises. And the second is that the solution of this strife is to be found in something which can be described most nearly as a universal church, which eschews the principle of force. Toynbee has my sympathy in offering a startling testimonial to the work of the Papacy for civilization, as one fruit of his study of universal history. The magnitude of that work, save in purely Catholic circles, has been grossly underestimated by sectarian or secularist historians.

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These conclusions, if I rightly describe them, coming from a man of Dr. Toynbee's scholarship at the present juncture, as the result of a detached study that must have taken years, have wide-ranging consequences. A book would be required for adequate appraisal or criticism. Only a few points can be mentioned. One wants to know whether, did he come down onto the ground, Dr. Toynbee would or would not come down onto the ground of Christian pacifism, align himself with Mr. Gandhi, or what else. Could he develop a doctrine of "just war"? It seems that he could not. Further, there is the crucial issue of the relation of peace to liberty—whether of individuals or nations—and of their respective priorities. More basically, there is the issue of the relation of peace to scientific experiment and to the reasonable expression of personality which are the twin principles basic to the justification of liberty. Put differently, there is the issue of the relation in priority of peace and of truth as the imperative of action. Are they identical or harmonious principles? And which must a universal church pursue?

I am inclined to think that the instincts of freedom and of domination are co-equal; and that in some ages one, in some ages the other, instinct predominates in the social order. The fluctuation is rhythmic as in the cycles of the economic market. We may be born into a libertarian or into an authoritarian age according to the human needs most prominent at the time—whether impulses for creation or for security, including economic security. There is no moral priority. But Professor Toynbee has support from the thesis of Catholic Christianity that the secular state primarily exists to provide peace; that true liberty is circumscribed by precedent natural law; and that there is no right to any liberty save a rational liberty that involves peace. Still the question—Dante's question—remains: whose peace?

I said of the earlier volumes that they promised to be among the most influential of books of our time. After reading these three subsequent volumes, this work still seems to me of fascinating interest, not so much as a philosophy of history, as in pressing to an issue the question of the significance of Christianity, redemption and original sin in its application to "the world" of force—and not least to our own world with its inadequate attention to the study of natural law and human nature and its whirring confusion of quests for power.

GEORGE CATLIN

LONDON, ENGLAND

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The Structure of the American Economy. Part II: *Toward Full Use of Resources.* National Resources Planning Board. Washington, Government Printing Office, 1940.—v, 48 pp. 15 cents.

Capital Requirements: A Study in Methods as Applied to the Iron and Steel Industry. By LOUIS J. PARADISO, under the direction of GARDINER C. MEANS. National Resources Planning Board. Washington, Government Printing Office, 1940.—v, 54 pp. 20 cents.

The first of the reports under review—*The Structure of the American Economy,* Part II: *Toward Full Use of Resources*—is a symposium of short articles published by the National Resources Planning Board as a sequel to the factual survey of the American economy which it published in 1939. In the first article, Gardiner C. Means summarizes his findings in the earlier report and goes on to attempt to resolve the controversy concerning the best method of securing full use of resources. He concludes that the inherent short-run insensitivity of prices and wage rates in the modern economy prevents the balanced use of employment and savings. Faced with the choice of a drastic reorganization and "atomization" of the economic structure in order to regain the lost flexibility, or the development of a system of policies under which the modern economy would operate successfully, Mr. Means does not find the choice difficult. He cheerfully adds to the "government's other responsibilities a positive and continuing responsibility for insuring reasonably full employment." Many will not follow Mr. Means in his sweeping indictment of individual initiative, and many will be dubious of the procedures which he finds necessary in order to reach full employment. Great are the risks of leaping from the frying pan into the fire!

Professor J. M. Clark is inclined to a less Olympian view of the problem. He does see the situation as one calling for specific action, it is true—and his paper is valuable for the suggestions he makes—but he does not see it as a crisis of quite the same order of magnitude as does Mr. Means. He is a gentle critic of governmental enthusiasm, but a forthright critic of a permanent policy of deficit spending. Government must play an increasingly important rôle, but it should act in "whatever fashion may be most helpful and least demoralizing."

Professor Alvin H. Hansen, in his article, draws a sharp distinction between cyclical and structural price flexibility. Since his own

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theory of cyclical fluctuations stresses changes in the rate of investment as a causal factor, Mr. Hansen is not greatly impressed with the significance of cyclical price flexibility or inflexibility; certainly he finds no need for such drastic governmental action as is implicit in Mr. Means's conclusions. Structural flexibility in prices is desirable. But it is to monetary and fiscal policies rather than to price policies that Mr. Hansen looks for remedies for chronic unemployment.

Mordecai Ezekiel sees in "big business" the real danger to economic stability. Since the United States Steel Corporation, for example, sets prices based on its costs and the character of its direct demand, it overlooks the probable wide effects of its actions and hence fails to take a broad social view of price policy. This failure of large corporations to recognize their responsibility in industry as a whole, as well as their failure to coördinate price policies with the price policies of related industries, Mr. Ezekiel sees as a basic barrier to higher standards of living. True elasticity of demand cannot be discovered with a narrow focus; and big corporations cannot be counted upon to broaden their vision. Hence, a necessary step is governmental action toward restoration of competition, at least in areas where large-size business is not essential to efficient production.

The scope of the four major contributions gives evidence of the provocativeness of the discussions; unfortunately, it also testifies to the width of the breach among the writers on the common problem of unemployment. There is surprisingly little agreement among them on basic policy; their similarity is not in the economic realm at all. The two representatives of the government are alike in the breadth of their analysis and in their apparent willingness to follow their logic to the point of advocating extreme measures in order to try to bring about full employment; the two academic representatives (academic, though each has had many governmental contacts) are much more sharply focussed in their analyses and more temperate in their recommendations.

The crucial test of prophecy comes when tomorrow becomes today. The present national defense demand upon the capacity of the steel industry is a factor not considered in the ingenious technique of Mr. Means and Mr. Paradiso. But since their report professedly is concerned chiefly with method, we ought to overlook the present limits upon its findings, as well as certain trade criticisms of their basic figures, and examine the implications of the method.

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The authors' technique is simple. Full employment, they assume, would mean a total consumers' income of 94 billions of dollars of 1936 purchasing power, and that income would require, they estimate, a volume of industrial production, as measured by the Federal Reserve Index of Industrial Production, equal to 169 per cent of the 1923-25 average. (The 1937 index, the latest used in the survey, was 110.) The volume of steel production associated with industrial production measured by an index of 169 is then discovered by correlation analysis of the available records, with allowance for recent trends in types of steel products calling for different plant facilities. The final step is to convert the production requirements into capacity requirements and to measure the industry's ability to provide that capacity. The authors conclude that full general employment would require new capital of $750,000,000 in the steel industry, and about $250,000,000 would be needed if all but 2,000,000 were to be employed. Since they are testing plant capacity, they assume that neither price nor available labor supply would prevent peak production.

If the reader apply the principle of caveat emptor, there is little to encourage him. If he recalls the great weight given the production of steel in the unrevised Federal Reserve Index of Industrial Production, he will not be overly impressed by the close relationship between steel production and the index of production. He will be more interested in the relationship between the production index (manufactures and mining) and national income, and if it has changed in recent years, for on this point the report is vague. He will wonder if trend relationships can be trusted, in view of the rapid developments in the use of plastics and light-weight steels. But he will hesitate most at the request that he extrapolate the relationships from a level of 110 for the production index in 1937 to one of 169—granting the 169 to be correct. For it is a cardinal rule of statistical technique that we have no knowledge of the errors of estimate outside the range of our actual observations. And in the absence of that knowledge, the burden of proof falls on the authors, not on the readers. Although the analysis is quite interesting, and the successive estimate of requirements of different types of steel and its supplies and materials is a logical and ingenious approach, interest and ingenuity alone do not lend conviction. One is reminded of the Latin-American proverb: Maybe yes, maybe no, but most likely, who knows?

CHARLES A. BLISS

HARVARD UNIVERSITY

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The Changing Pattern of International Economic Affairs. By HERBERT FEIS. New York and London, Harper & Brothers, Publishers, 1940.—x, 132 pp. $2.00.

One of the weaknesses of governmental organization in the United States is the turnover of responsible personnel which takes place in our government departments with a change of political administration. This sweeping out of departmental leadership has been woefully destructive of continuity of both policy and operations.

A few notable exceptions to this destructive purge have stood out. They have been oases in the desert for the person who tries to get something done in a department after a change in administration. Herbert Feis has been one of these notable exceptions, serving through a full decade as economic adviser of the Department of State. He has come to play an increasingly important rôle in the affairs of that department. Beginning his work in Washington as an economist of note with an open and ingenious mind, he has added to that a grasp of the practical aspects of international affairs.

This book makes available a short series of lectures which Dr. Feis delivered at Columbia University. It reflects the experiences of its author. It is not an attempt to set up an ideal solution for the world's economy. It is rather a series of practical and wise observations on the international economic scene of today. It is liberal but it is cautious. It is sympathetic with Mr. Hull's philosophy of encouraging international trade as the soundest way of furthering our own economic interests and those of others as well.

As the war abroad has shattered the commerce with Europe, Dr. Feis naturally has a good deal to say about our relations with the Latin American countries. His philosophy here is illustrated by one quotation: "The most satisfactory basis for permanently strengthened economic relations between the United States and the other American states lies in the reciprocal enlargement of the commerce between them" (page 119).

To achieve these ends this country should consider lessening some of its present trade restrictions. It is clear that Dr. Feis would prefer to see these trade relations grow in the channels of private enterprise "encouraged by official disposition". "Our habits, our institutions and our general desire to sustain private enterprise would continue to incline us to leave the conduct of our international economic relations primarily to private interests—with the hope that experience should have given sufficient instruction to avoid the main errors of the past" (page 125).

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This procedure might, of course, have to be modified if other governments maintained rigid controls over their trade.

As these quotations perhaps suggest, this is not a book for the reader who looks for some startling new solution for our trade problems, but it is good for those who seek a sane, realistic, and liberal definition of our problems of international economic relations and suggestions as to the direction of solution.

W. RANDOLPH BURGESS

NEW YORK CITY

Exchange Control in Central Europe. By HOWARD S. ELLIS. Cambridge, Harvard University Press, 1941.—xv, 413 pp. $4.00.

Barriers to World Trade: A Study of Recent Commercial Policy. By MARGARET S. GORDON. New York, The Macmillan Company, 1941.—xii, 530 pp. $4.00.

The years following the economic crisis of 1929 were rich in experience in the field of both domestic and foreign economic policies. In the latter, certain old methods of control were revived and certain new ones were introduced in the attempt, at first, to stem the tide of disorganization of international payments and, later, to carry out various objectives of social and political nature. Exchange control, quotas, barter and clearing arrangements are the principal modalities of the "new" methods of international commercial policy. Their operation raises various issues of an economic and of an administrative character. Emergency measures at first, they became in some instances the nucleus of new systems of economic policy and organization; and the question is often asked whether or not they are the beginning of a new era of commercial and financial relations between nations, an era of more efficient and "streamlined" controls, of fewer and less important frictions.

The two volumes under review are the most comprehensive and the best books yet published on these important and intricate subjects. They are different in scope and purpose and in many ways they supplement each other. Both are the product of long, painstaking and scholarly research and should be very useful to the professional economists both in universities and in the "market place", as well as to the college students preparing for a degree. Mrs. Gordon's book will be particularly useful as a text, and it might be suggested that the first and last chapters (84 pages) of Professor Ellis' book might be reprinted for a similar purpose. The main body of the latter book will be particularly useful to the advanced reader.

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Mrs. Gordon's study falls into four parts dealing respectively with a historic background, with the control of international payments (exchange control, clearing agreements, various special forms of compensation and payment agreements), with the control of the international movement of goods (tariff policy since 1931, import quotas, other forms of import restrictions, as well as measures of export subsidization and promotion, and export quotas and embargoes), and, finally, with international commercial bargaining, with special reference to policies and methods adopted in the United States, Great Britain, France and Germany. War-time economic developments, since the fall of 1939, are not included, nor would they contribute any *new* economic techniques. (Incidentally, some day a book will have to be written on economic warfare, with the same thoroughness with which the books under review have been written.) There is no way, in a brief review, to give a good idea of the rich contents of the book. To be sure, the distinction between the control of payments and that of movements of goods is somewhat artificial, because exchange control is also an important instrument of commercial policy while quotas affect very directly balances of payments, but the book gains in clarity by these subdivisions, while the reader is made well aware of the connections between the various controls discussed. What should have been more strongly emphasized is the connection between totalitarian trade methods and the conception of society of the totalitarian state. Between the commercial policies of, say, Britain and Germany in the five years preceding the outbreak of the War, there was more than a difference in techniques and in the degree of application of these techniques: there was a *fundamental* difference in the organization of their social and political life, a difference comparable to that between the Euclidean and a non-Euclidean geometry.

Professor Ellis' book is a model of economic analysis; it combines a great mastery of difficult factual materials with a superlatively skilful handling of the theoretical tools. There might be scope, in a longer discussion, for certain questions and minor comments, but there are no criticisms to be made of either the presentation or the conclusions. The three main chapters of the book deal with experiences of three countries each of which has had a fundamentally different record from the others. Thus a wealth of comparative materials is collected and the conclusions are summed up in the first and last chapters. The titles of the three principal chapters are worth quoting: "Austrian Exchange Control: An Example of Successful Termination"; "Hungary's Struggle with Agricultural Depression and

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Indebtedness"; "German Exchange Control, 1931-39: From an Emergency Measure to a Totalitarian Institution". The chapter dealing with Germany clearly shows the way in which exchange control became an integral and indispensable part of the totalitarian economic system. Altogether Professor Ellis considers seven different purposes of exchange control and discusses its effects upon foreign indebtedness, foreign exchanges, international trade, the domestic economy in its various aspects, etc. He concludes that exchange control does not conform to the generally accepted tests of what is "economic", and adds: "It is undoubtedly an instrument of control. But there is one question, which, if it ever comes to be seriously considered by the populace of exchange-control countries and economic *blocs*, will terminate both exchange-control and economic *blocs*. The question is an old one: *Quis custodiet?*" May this question soon come to be asked!

There are fifty pages of statistical tables appended to Ellis' book, and both books contain abundant bibliographical lists. Professor Ellis collected a good deal of his materials in Europe in the years 1933-35 when he held a Fellowship of the Social Science Research Council. Mrs. Gordon's book is published under the auspices of the Bureau of International Research of Harvard University and Radcliffe College.

MICHAEL A. HEILPERIN

BRYN MAWR COLLEGE

The Treasury and Monetary Policy, 1933-1938. By C. GRIFFITH JOHNSON, JR. Cambridge, Harvard University Press, 1939.—230 pp. $2.75.

This book, originally prepared as a doctor's thesis at Harvard, is, in effect, an apologia for New Deal monetary actions. It discusses the gold policies, and the silver policies, exchange funds, stabilization and sterilization. The chapter on the process of policy formulation shows such formulation to have been delegated to the executive, with resulting Congressional apathy concerning executive assumption.

The introductory chapter points out the traditional distrust of the exercise of credit control by political officers (p. 5), but maintains that the first World War and the depression since 1929 brought the downfall of independent central banking (pp. 4-6). Monetary and credit policies are now looked upon merely as auxiliaries to the general policy of stimulating recovery and isolating the domestic econ-

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omy against undesired foreign influences (pp. 6, 7, 55, 57), and as instruments of diplomatic and political activity.

The first departure from orthodox principles occurred when the Roosevelt administration abandoned gold, deliberately depreciated the dollar, and established credit controls outside the Federal Reserve System (p. 9). Those actions, however, were but one part of the administration's frantic efforts to raise prices; others included the N.R.A., the A.A.A., and the greenback amendment (p. 14).

The section on the Gold Reserve Act shows the strictly political, rather than economic, justifications for its enactment, concluding that the "value of the dollar . . . is a legislative instrument for serving domestic political ends" (p. 37). The author approves of the "wisdom" of the United States in establishing "sounder" relationships of the dollar with sterling and world gold prices, and contrasts this with the "stubborn" resistance of the gold bloc countries which were "primarily to blame for whatever unfortunate effects our gold policy may have had" (p. 55). Explanation of the gold inflow following upon dollar devaluation is weak and inaccurate (pp. 44, 45, 54, 56). Repatriation of American funds and flight of fugitive foreign funds were the true motivating factors; where security of capital is at stake, the profit stimulus would be of but secondary interest.

Exchange stabilization or equalization funds are said to be "the most interesting recent innovation in the mechanism for monetary regulation" (p. 60), but even the author admits that they are only doing more spectacularly and extensively what some central banks had already been doing during the post-war years—that is, offsetting certain capital movements. The need for such funds to be administered by treasuries rather than central banks lies in the large volume of resources required to offset the extensive movements of short-term capital which, since 1929, have become the most important factor in the foreign exchanges (p. 65). But, if there be fundamental maladjustments and long-term "genuine" disequilibrium, such funds can only postpone, not avoid, the "day of judgment" (p. 82). However, the author states, the true significance of a stabilization fund does not lie primarily in the type of its activity, but rather "in its symbolism of the general acceptance of the propriety and desirability of that activity, in its relationship to the political government and separation from the central bank, and in the peculiar character and degree of discretion involved in its operation" (pp. 74, 75).

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The deficiencies of the stabilization fund, which shortly became apparent, were to be offset by sterilization policy (p. 133), an attempt to mop up gold inflows by issues of Treasury bills. The sterilization policy, however, together with increases in reserve requirements, was blamed for the 1937 slump, and this plus the Treasury's need for easy money spelled the doom of the policy (pp. 133 *et seq.*), proving again, as in the case of the stabilization fund that the sterilization program had no relationship to international capital movements, or foreign exchange equilibrium, but was dependent solely upon internal monetary and governmental policy (pp. 147-152). Despite the obvious political and diplomatic flavor of these operations, as well as those undertaken in connection with the tripartite ("Gentlemen's") agreement, the author hopefully looks for better management in the future, and greater coöperation toward international equilibrium (pp. 128-132).

As regards silver policies, the author denies the sordid motives ascribed to the silver proponents by the "cynical" (pp. 162, 163, 175). He prefers to see in those policies a rallying point for the "inflationists, reflationists, debt-ridden farmers, bankrupts, foreclosed, traditional silverites, silver interests, and cash-poor communities" (p. 165). He thinks of silver movements as a crusade (p. 169), rather than a manifestation of avarice of a few economically interested persons.

In his discussion of policy formulation, the author considers the most startling development to be the degree to which the Congress has delegated policy—its formulation, as well as its execution—to the executive branch of the government (p. 201). He lays the blame not upon the administration but rather upon the Congress (p. 204), for the development and use of this "mechanism by which we have circumvented our system of checks and balances in order to gain a workable democratic government" (p. 204). He states further that any self-justifications which were voiced by the administration have been, not to the Congress, but rather to the public, to serve "political, diplomatic or psychological purposes" (p. 203). Responsibility to Congress is desirable, but in some matters, especially money, "the evidence of immaturity and ignorance" seems to make it undesirable (p. 216).

Mr. Johnson ascribes the basic changes in our monetary system to the "pressure of events" (pp. 217, 223), and to the "obvious need for government spending" (p. 217); he regards them as a phase of coördination with other "recovery" measures used as "weapons

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. . . against depression" (p. 219). The policy, though, is predominantly "opportunist". The author concludes that, however impossible it is for political officers to remain objective and impartial (p. 58), "politics and money are wedded for some time to come" (p. 222), and there is little if any hope of return to an automatic gold standard, and to monetary control by "politically irresponsible" agents.

JAMES D. PARIS

GREAT NECK, NEW YORK

The Federal Role in Unemployment Compensation Administration. By RAYMOND C. ATKINSON. Washington, Committee on Social Security, Social Science Research Council, 1941. — x, 192 pp. $2.00.

In this volume, Raymond C. Atkinson, formerly on the staff of the Ohio Institute, presents a report prepared for the Committee on Social Security on the *federal-state* system of unemployment compensation. The report is compiled by one who has been engaged for several years in an intensive study of these developments throughout the states and in Washington; it stresses particularly the improvement in administration and the elimination of some basic inadequacies of the benefit structure.

Today many are asking: "Will unemployment insurance continue in its present form?" We view a highly controversial subject which will continue to be tested in the field of research and experimentation for many years before the present difficulties have been smoothed out.

This complex federal-state system developed from the President's Committee on Economic Security. A dual plan of operation was proposed with constitutionality as the foremost consideration, for it was then felt that a single national system might not be upheld by the Supreme Court. The outcome was a federal law looking to the establishment of fifty-one individual state and territorial systems of unemployment compensation, a law providing the foundation for coverage of 28,000,000 workers today, a law which was to create one of the most substantial sources of revenue in this country in that approximately 810,000 employers are subject to a tax which amounted in the year ended June 30, 1940 to $810,000,000. The personnel of the state agencies has grown to about 35,000. Taking alone the problem of 28,000,000 individual wage records of workers, we find it immediately complicated with the varying rates of tax, collections of compensation for seasonal and partial unemployment, and prob-

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lems in regard to the proper waiting period before a worker receives benefits. Experience rating by itself is important enough to have held the battle front in the legislatures of the states for several years. Thus we survey the present federal-state system as a collection of state-administered systems subject to the advice and a great deal of supervision and control by the federal Social Security Board.

The problem of administration is not so much a question of the intricacy of the tasks as one dealing with an almost overwhelming mass of details. The Social Security Board has performed great service in its intensive study and advice, and the state laws on unemployment compensation have developed along the lines of the Board's suggestions. It must be remembered that the cost of the administration of this system has been financed by federal grants, but the responsibility of the system in any given area rests with the state agency. Throughout his work Mr. Atkinson has carefully shown the operation and advantages of the federal-state system but has indicated that these would be outweighed by a single national system where the risk would be spread over the whole country and workers everywhere would receive uniform treatment. Unemployment compensation obviously has a national scope even though employment service may be localized.

Mr. Atkinson's report comprehensively reviews the history and organization of this federal-state system and the federal influence on state legislation, particularly through the federal grants and review of budgets. He has shown the federal standards of administration which have been set up, and has emphasized the federal responsibility for research and technical service and the efforts at coördination in the administration of the separate agencies.

The collection of payroll taxes is not discussed in detail, presumably because the responsibility rests with the states. It would be of current interest to have a study made of the prevailing delinquency in payment of state unemployment insurance taxes followed by Mr. Atkinson's recommendations for the improvement in the collection of taxes through a practical and simplified method, such as the stamp plan.

As the study points out, the development of state unemployment legislation will be vitally affected by the pressure of the employer and employee groups. With organized labor demanding increased benefits and employers seeking grouping with experience rating as the basis for payroll taxes, the report indicates the possible serious effect upon the system and raises the question whether standards

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should be inserted in the Social Security Act with reference to the benefit and contribution provisions of state laws.

The report is an excellent contribution on a subject where conclusions arising out of intensive study, planning and experimentation must be brought into focus with practical consideration.

MARTIN SAXE
LLOYD D. KEIGWIN

NEW YORK CITY

The Dual State: A Contribution to the Theory of Dictatorship. By ERNST FRAENKEL. Translated by E. A. Shils, with Edith Lowenstein and Klaus Knorr. New York, London, Toronto, Oxford University Press, 1941.—xvi, 248 pp. $3.00.

Several scholars have published authoritative descriptions of the German political and legal system. Fraenkel's book differs from its predecessors in so far as it represents, to the reviewer, the first attempt to provide a theoretical analysis of the German legal order.

The author's main thesis is that a "normative" state and a "prerogative" state co-exist in Germany. This thesis dominates the first half of the book, which is devoted to an interesting, if one-sided, analysis of the legal system itself; it is in evidence also in his shorter chapters that deal with the ideologies and economic structure of the Third Reich. Fraenkel assures us in one place that the "normative" state is by no means identical with a state in which the rule of law prevails (p. 71). But the principles governing his dichotomy the functions ascribed to the state organs operative in each, as well as the numerous historical comparisons which run through the book, confirm the impression that the conception of the "prerogative" and the "normative" are patterned on the historical and legal categories which played a dominant rôle in the constitutional and legal history of the last three centuries.

In Fraenkel's opinion, the dichotomy also satisfies the needs of capitalism which he regards as a predominant force in Germany, though, he agrees, it has undergone profound changes. In fact, it has rapidly moved in the direction of an iron-clad system of monopoly-capitalism intertwined with numerous elements of bureaucratic state control. Under such a system the title to private property, for the protection of which Fraenkel invokes and emphasizes his dual system of "normative" and "prerogative" elements, becomes much less important for the social power structure than the fusion of the military, bureaucratic, proprietary and managerial elements.

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In order to prove his thesis that the capitalist system is guaranteed by the organs of the "normative" state Fraenkel relies on several specific court decisions without, however, inquiring how far the isolated decisions he invokes really stabilize economic and social relationships and how far they are only minor stages in economic battles decided elsewhere and with other weapons. For example, he quotes a decision of the Appellate Court in Köln, denying an injunction to an association of oil dealers, who had fixed gas prices with the permission of the Chamber of Commerce (*Handels und Industriekammer* has unfortunately been translated as "Board of Trade") and of the Trustee of Labor (p. 79). Nothing indicates more clearly that monopoly-capitalism does not rely for its operation on a calculable system of preëxistent norms, set into motion by a judicial bureaucracy, than the way in which price-fixing is handled in contemporary Germany. Price-fixing works by force of the less gentle methods of pressure and counter-pressure on competitor and administrative bureaucracy in which a certain measure of rationality, so to speak, is attained by the government's completely abandoning the small competitor to his mighty trust rival, all under the veil of industrial self-government. In fact, the price-fixing of the cartel or trust becomes mandatory for the outsider as a result of the domination which the cartel exercises on the "economic group", whose intercession and good will the small competitor needs when he wants to get his modest quota of raw materials or, in more recent times, his indemnity for the enforced war-idleness of his shop. His only comeback seems to lie in the nuisance value inherent in an appeal to the price-fixing authority. How slim the chances are for judicial intervention in favor of upholding competitive principles, Fraenkel could have realized from the decisions of the *Reichswirtschaftsgericht*. These show how the gradual entrenchment of the Third Reich led to abandoning the idea of "protecting the livelihood of the individual" from restrictive measures and how it was replaced by the so-called "promotion of a general interest" as reached by such trade restrictions—developments that culminated in the "combing out legislation" of 1938 and 1939.

Fraenkel mentions one instance where a legal norm had been changed after an adverse court decision had been rendered. But he fails to realize that this way of restricting the effect of a judicial decision radically alters the social status of the judiciary within the community, although his admission that the "prerogative" state is far more powerful than the "normative" state (p. 187) shows that

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even his dichotomy cannot pass over the state of affairs. The impact of a judgment under what we call a constitutional régime rests on the possibility of its acting as a check and balance to the action of other forces. This sphere of free judicial determination is lost when other state organs without any hindrance are able to change legal norms at their will — the decision thus retaining value only as an indication of the necessity of closing some legal loopholes.

If the judiciary has thus lost most of its power and has been assimilated to the administrative bureaucracy, it has received a host of routine tasks in which Fraenkel's normative calculability, however, seems conspicuously absent. That such courts, like any other administrative agencies, build up a system of distinctions and differentiations, reversible and changeable without notice, nobody will deny. But so do the so-called "prerogative" organs for the handling of their daily tasks.

This system develops a high degree of technical rationality; but the technical rationality of a hierarchical, bureaucratic machine, which Fraenkel has correctly unmasked under the veil of community ideology, and the decisions rendered by courts as independent organs of society are two different things. The law courts of a competitive society serve as umpires to regulate the conditions of competition. The bureaucracy of fascism — judicial, administrative and police alike — executes and smooths the path for the decisions reached by the political and economic monopolies. That the German system is based on a dual policy of "prerogative" constables and "normative" judges, on a law-exempted police for the various assortments of rogues and on a calculable rule of law for the law-abiding citizen and corporation of substantial means seems to be an application of cherished but antiquated doctrines to a radically changed reality.

OTTO KIRCHHEIMER

INSTITUTE OF SOCIAL RESEARCH
NEW YORK CITY

Constitutionalism, Ancient and Modern. By CHARLES HOWARD MCILWAIN. Ithaca, Cornell University Press, 1940.—ix, 162 pp. $2.50.

The publication of this brilliant analysis of the principle and historical development of constitutionalism is very timely; for, as the author points out in his preface, the attack on constitutionalism has never been more threatening than it is just now.

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In his first chapter Professor McIlwain discusses various modern definitions of "constitution" and "constitutionalism" and, more specifically, the views of Thomas Paine, who thought that only a written constitution was deserving of this name, and of Arthur Young, who looked upon this definition with contempt and contended that it revealed a conception of a constitution, "as if it was a pudding to be made by a receipt." He rejects Paine's contention that full constitutionalism is possible only where there is a written constitution, but agrees with his belief that constitutionalism means essentially a legal limitation of government and is the antithesis of arbitrary government.

In the second chapter the author finds a fundamental difference between the Greek and the Roman concept of a constitution. To the former, he contends, constitution meant—at least in the pre-Stoic period — the fundamental set-up of a state, whatever the form of government may be and whether the powers of government be limited or not. The agreement or disagreement of this set-up with natural law makes a constitution good or bad. But it was only the Romans who made the agreement of a government with *the* constitution, that is the *mos maiorum*, and, in the opinion of some, with natural law, the test of its legitimacy.

In the third chapter the author traces the influence of the Roman conceptions of *lex* and *ius* on "the liberalization and rationalization of the law" in England.

The fourth chapter, which is perhaps the most original and illuminating, shows that the theory of constitutionalism in the Middle Ages is based on the distinction between *gubernatio* and *iurisdictio*. It allowed the king an autocratic and irresponsible authority within the former, but not within the latter. Professor McIlwain finds the fundamental defect of this system in the lack of any effective sanction for these legal limits to arbitrary will.

The fifth chapter shows that the tradition of constitutionalism remained alive throughout the period of "Tudor absolutism", and, what is still more interesting, that new and bolder views of the constitutional limitations of royal power began to be expressed by some leading statesmen in the reign of Henry VIII, that is, at the very time when royal absolutism made its greatest step forward.

The last chapter discusses briefly the revolutionary changes which have taken place since the time of the Stuarts and ends with a discussion of some present-day problems.

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It is, of course, impossible in a short review to give an adequate idea of the richness of the material displayed in this book and of the penetration of thought shown by its author. On the other hand, it is easy to find fault with details. The Roman conception of a constitution, for instance, is not quite without antecedents in the pre-Stoic period of Greek history, though it has found but little expression in the outstanding works of political theory in that period. But the value of a book like this lies in the clear distinctions which it makes and in the fact that it brings out all the essential points. The undercurrents and details of the history of an idea can be dealt with only in a specialized study of a limited period.

One may, however, take issue with one of the contentions which the author makes in the last chapter. He looks with contempt on all the efforts to create an elaborate system of checks and balances; but his own analysis of the history of constitutionalism in the Middle Ages seems to indicate that it is very difficult to uphold constitutionalism without some such system. The shortcomings of any system of this kind, which the author points out with such lucidity, are but one instance of the essential imperfection of all human institutions. Nevertheless his warning is most timely; for extreme application of the doctrine of checks and balances makes for irresponsibility and may lead to a weakening of government, which all too often in recent times has caused the destruction of the very liberties which this doctrine was meant to uphold.

KURT VON FRITZ

COLUMBIA UNIVERSITY

Democracy or Anarchy?: A Study of Proportional Representation. By F. A. HERMENS. Notre Dame, The Review of Politics, University of Notre Dame, 1941.—xxx, 447 pp. $4.00.

Like the English children celebrated by Gilbert and Sullivan, every American is born liberal or conservative on the subject of proportional representation. I am against it. The propagandists for this gadget have deluged us with arguments and figures to show that even respectable minorities are frozen out under the orthodox voting systems. Most of us readily can see this and ask that the propagandists go on from there.

What the conservatives have lacked up to now has been a well-documented scholarly analysis of the failure of proportional representation where it has been tried, and of the appalling contribution which this gadget has made to the growth of communism, fascism

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and other undemocratic phenomena. Professor Hermens, who has long since been regarded as a leading authority in this field, has now filled the gap by an excellent volume entitled *Democracy or Anarchy?*

Unfortunately proportional representation is a great deal more than a new form of government. It is more than a quaint device to secure minority representation. It is much worse than a freakish, complicated scheme, hopelessly confusing to the average voter. What makes it so dangerous is that it encourages all kinds of queer racial, religious, professional, economic and other pressure group voting, which surely needs no encouragement in American politics.

After reading Professor Hermens' new book, and Professor C. J. Friedrich's introduction, I do not see how any one can question the fact that proportional representation made a major contribution to the present troubles of Europe and that this device was seized upon by a ruthless minority to throttle democracy in the local communities where it lives by electing, on the basis of vast districts, people who never could have received the support of their neighbors at home.

In most American communities where proportional representation has been tried it was put over by a drive following some peculiarly corrupt local administration, always with the plea that P.R. would put the politicians out of business forever and insure an indefinite period of good government. P.R. has never panned out in this way, and what glittered so attractively has turned out not to be gold. Where the scheme has been used to elect a council to govern a city with a city manager, the personality required at the head of an American government has been lacking. The city manager has found himself in the position of cultivating bosses in the council who agreed on little and were responsible to no one.

In New York City where proportional representation slipped through with a new charter following the collapse of the Walker administration, we now have a council which is better than the old Board of Aldermen only in that it has a smaller membership. In all other respects the Council is either no better or actually worse. No substitute has been found for district representation by an alderman or councilman who knew his district and its people. The delays, freaks and unexpected twists of the P.R. elections in New York need no advertising. It is only a matter of time before this device will be discarded. Communities, like individuals, cannot lift themselves up by their bootstraps.

ROBERT MOSES

NEW YORK CITY

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The Armed Horde, 1793-1939: A Study of the Rise, Survival and Decline of the Mass Army. By HOFFMAN NICKERSON. New York, G. P. Putnam's Sons, 1940.—x, 427 pp. $3.50.

In *The Armed Horde* a history of warfare since the French Revolution provides the vehicle for a virulent critique of modern mass societies, lumped together under the name of "democracy". Its objective value, as a continuation of the excellent book on *Warfare* (New York, 1924) by Mr. Nickerson and Colonels O. L. Spaulding and J. W. Wright, is somewhat lessened by obtrusion of the socio-military theories already expounded in Mr. Nickerson's *Can We Limit War?* (New York, 1934).

Mr. Nickerson's chief point is the responsibility of democratic ideas for the evils of modern warfare: the mass conscript armies, popular passion and governmental tyranny prevalent in wars since the French Revolution, which have strained the social order to the utmost without achieving stability or durable peace. To Mr. Nickerson the basic evil is the "mass army" raised by universal conscription, and he insists that mass armies and democratic ideas are inseparably connected — "both with each other and with a third thing, barbarism" (p. 14).

Although a cry of "barbarism" is likely to exclude the possibility of rational argument, it may be pointed out that Mr. Nickerson's "mass army" is primarily a creature of his own imagination. His alternative use of the term "armed horde"—"the essence of a horde being the combination of barbarism with great numbers" (p. 14)—exceeds poetic license and reflects a fundamental historical misconception. Even relatively primitive societies, like the ancient Israelites and early Germans, have avoided placing their entire manhood in the field. Historical criticism long ago decimated the millions of Xerxes and of Attila; and in modern times the ideal of universal conscription has never actually been realized. Mr. Nickerson himself concedes that a fully conscript country mobilizes only some 10 per cent of its population (p. 57), which is to say not more than half its males of military age.

Nor have modern armies been quite the "appalling monsters", "swarms of locusts", and "armed and uniformed mobs mad with hate" which Mr. Nickerson depicts (pp. 16, 132, 145). The native quality of conscript troops is certainly better, on the average, than prevailed in the small eighteenth-century armies, most of whose recruits came from "the poorest and least settled of the population,

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many of them from the very dregs" (p. 71). But eighteenth-century troops owed their military quality to prolonged training, and Mr. Nickerson argues that comparable results are unattainable in large armies because the community cannot, for economic reasons, allow such numbers to "give their lives to war and the preparation for war" (p. 13). The answer is, of course, that it does not take a lifetime to make a soldier—as the century-long record of the Prusso-German army, with two to three years' service, has sufficiently demonstrated.

Mr. Nickerson's identification of democracy and the mass army principle is likewise too sweeping. He implies, in effect, that democracy made the mass army — a suspiciously simple hypothesis which might with equal versimilitude be stated in reverse. Indeed, the theory of universal military obligation lies deeper than any particular constitutional form. As Vattel wrote, in a significant passage ignored by Mr. Nickerson, it comprises "one of the first objects of all political association" (*Law of Nations*, III, ii, 8). The fact that after 1815 the mass army was systematized and perpetuated in "anti-democratic" Prussia (p. 131) need not be overstressed, since Mr. Nickerson's conception of democracy is evidently an elastic one; but it suggests a primacy of non-constitutional factors in the shaping of military institutions which is even more strikingly illustrated by the long avoidance of peace-time conscription in Great Britain and the United States.

Notwithstanding these qualifications of his main thesis, Mr. Nickerson gives much food for thought and frequently hits the nail on the head, his particular strength being lucid exposition of the interaction between technological and tactical developments and the growth of armies. In his opinion mass warfare culminated in the long-drawn attrition of 1914-1918, and is likely to decline with increasing mechanization—a hope to which contemporary events offer poor encouragement. To a Germany which can mobilize 170 divisions in the East without relaxing her occupation of a dozen countries, numbers seem still to have their importance. Whether a decline of mass armies would, in any case, presage a stricter limitation of war, or a salutary change in the social order, is a question which Mr. Nickerson wisely hesitates to answer.

RICHARD POATE STEBBINS

INSTITUTE FOR ADVANCED STUDY
PRINCETON, N. J.

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Prepare for Peace! By HENRY M. WRISTON. New York and London, Harper & Brothers, 1941.—x, 275 pp. $2.50.

The hortatory title of this book should not disturb or mislead the reader. President Wriston of Brown University draws freely upon his ripe historical knowledge for precedents and analogies, tempers them with common sense, but he does not try to prescribe peace terms or outline the treaty which hopefully will close this war. He tells in no uncertain words of the conditions leading up to it, does not spare American sensibilities in his appraisal of the causes, and then devotes himself to an eloquent appeal to his fellow citizens not to shy off again from their responsibilities either in making the peace or in making it work. Altogether, the book is a robust and stimulating demand that the United States accept at last its unescapable position of authority in the world.

Too long the American people have gone on the assumption that they can draw benefits from the rest of the world with no other obligation than to pay for them in money or by giving credit. Dr. Wriston is right when he says that the Smoot-Hawley tariff and the philosophy behind it were fundamental causes of the breakdown of world economy in the third decade of this century, which in turn prepared the way for the present war. The Smoot-Hawley tariff, our repeated refusals to participate otherwise than unofficially in the various instrumentalities set up for international coöperation after 1919, our torpedoing of the World Economic Conference, the Johnson Act and later the Neutrality Acts, all showed our desire to withdraw from the world and yet be a part of it.

We did much to set up the machinery of peace after the other World War, but officially we did little to make that machinery work. Able Americans served as private citizens on international boards and commissions in Paris, Berlin, Baden-Baden, Geneva, Basle and elsewhere, but their services were on the sufferance, rarely with the support, of their government. The invention of the unofficial observer, of the American commissioner having official status everywhere but with his own government, was an excellent device to secure benefits without responsibility; it fitted perfectly into the isolationist pattern of American policy.

But it was a head-in-the-sand policy, and to this Dr. Wriston takes strong exception. His objections have nothing to do with American party politics, for while the unofficial observer was an invention of the Republicans, the torpedoing of the World Economic Conference was an act of the Democrats. It is the policy itself which is ques-

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tioned, and the regrettable fact is that it reflects the preferences of a vocal and perhaps important fraction of American public opinion—witness Messrs. Lindbergh, Wheeler and Nye.

It is here that Dr. Wriston's book has particular application to the present situation of the United States in world affairs. The isolationist policy is part and parcel of the general quest for security; it is to a nation what the ham-and-eggs plan is to the individual. Of security, Dr. Wriston says it "is the most corrosive word in the dark lexicon of our time", and he adds that running away from trouble to security is one of the fundamental causes of this War. If the United States is to hold its own and not start the long decline into national and individual slavery, it must come to grips with itself and, having done so, carry the fight for individual freedom to the uttermost limits of its magnificent capacity. If this means war, then it is the lesser part, for life secured at the cost of freedom would be no life at all.

SHEPARD MORGAN

NEW YORK CITY

Democracy's Battle. By FRANCIS WILLIAMS. New York, The Viking Press, 1941.—324 pp. $2.75.

Francis Williams, former editor of the Laborite *Daily Herald* in London, is a journalist with a deep faith in the validity of the democratic process. His book is an analysis of the "triple challenge" to democracy contained in the political systems of national socialism, fascism and communism. His main point is that none of these three systems is a mass movement approved by the majority of the people and that none is "the characteristic doctrine of our day", as each of them claims. The only mass movement of modern times has been democracy, approved by a majority in all states where it exists, and universal enough in application to be called a characteristic doctrine.

The triple challenge to democracy is analyzed from the point of view of each political system. The menace to democracy in national socialism lies in its belief in a basic aristocratic principle (*Herrenvolk*) and the conquering mission on which Hitler has dispatched the Germans. Fascism nullifies the fundamental precepts of democratic freedom by establishing the absolute authority of the state over groups and individuals and in making the state the guardian of national unity. Communism uses democratic ideals and language, as demon-

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strated in the constitution of 1936 and the policy of democratic centralism, to destroy democracy, for the logic of the Marxian analysis of society has led to the establishment of a bureaucratic and authoritarian state in the Soviet Union. In each case, the creation of totalitarian government was the work of practical and empirical men making use of a situation which did not require the overthrow of established government. In order to justify their rule to the people, these practical revolutionaries have been forced to use mythology. The Nazis reach back into the darkest recesses of German nationalism to provide a cultural basis for their leadership principle; the Fascists rake up the nationalist folklore of Italy; and the Communists create a mythical proletariat to justify a party dictatorship in its name.

Mr. Williams bids the timid who believe that a war against totalitarianism would result in the destruction of democracy to take heart. He tells them to avoid by positive action the conditions which give rise to the dictatorships of the practical revolutionaries. His earlier book, *War by Revolution*, outlined the type of offensive required for a democratic victory. The present volume follows Harold Laski's *Where Do We Go from Here?* in presenting the case for a militant democracy. The heart of democracy is social reconstruction without violence. The settlement of 1919 and the subsequent years failed to achieve this reconstruction, for no solutions were found for the problems of international and individual security. The solution he advocates is in general the social program and war aims of the British Labor Party. The immediate program consists of state control of war enterprise, the financing of the War by taxation rather than borrowing, and equal sacrifice by all the people of Britain. The ultimate program includes such well-known Labor points as a federated Europe, an international police force, the extension of the mandate system to colonial empires, and democratic planning of production and employment.

Mr. Williams' book is not unique, but is one of many of similar tone coming out of war-time Britain, pointing to the misrule of the period from 1919 to 1939 and laying the basis for a new rule of democracy. A reading of it will convince those who are engaged in the struggle to save Western civilization from the alien philosophies that their cause is just. It is particularly recommended to those who apply a nineteenth-century analysis to arrive at the conclusion that the present war is a struggle between rival imperialist states.

FRANCIS WILLIAMSON

THE COLLEGE OF THE CITY OF NEW YORK

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Rousseau and Burke. By ANNIE MARION OSBORN. London, New York, Toronto, Oxford University Press, 1940.—xi, 272 pp. $3.75.

It was a happy thought of Miss Osborn to write a book comparing and contrasting the political philosophies of Rousseau and Burke. An evaluation of these great thinkers will give the reader a clear understanding of the conflict of political ideas in the eighteenth century. More than that. Both Rousseau and Burke are potent forces in the world today, though in a manner that would have astonished them as well as their contemporaries. A study of their ideas will, therefore, give an insight into the nature of the conflict of ideas that is going on in the present.

Miss Osborn writes with knowledge and understanding of Rousseau and Burke as well as of the historical background that made them significant. She analyzes the writings of both philosophers with sympathetic insight that is all too rare in these days of "party lines" and "class angles". Some of the chapters give an idea of the scope of the book, such as "Whig Trusteeship", "New Lamps for Old", "Rousseau, Man and Thinker", "The General Will", and the "British Constitution".

It would be difficult to find greater contrasts than those between the personalities, temperaments and views of the French *philosophe* and the British statesman. Rousseau was a sentimental dreamer with no experience in the art of government, a literary recluse with a poetic imagination who became the prophet of social revolution. Burke, on the contrary, was a practical statesman with an historic imagination and a gift for philosophic rhetoric who became the prophet of the Romantic counter-revolution on the Continent. And yet, in the opinion of Miss Osborn, "there was much agreement in their conceptions of fundamental principles" of government. Both Rousseau and Burke regarded the state as a moral organism whose supreme aim was to advance general happiness and individual liberty. Miss Osborn is inclined to overstress the points of agreement which were essentially moral platitudes that philosophers of all schools have little difficulty in accepting. It was the differences between Rousseau and Burke that constitute their significant contributions to political philosophy and to state policy.

It has been the not unfortunate lot of Rousseau to be regarded as a source of all evil, which is at least one reason why he is still widely read. From Burke to Irving Babbitt the passionate advocate of the "simple life" has been held up as the corrupter not only of his

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own generation but of all modern life and thought. To Burke, Rousseau was an "insane Socrates" who was "deranged in his intellects". The *Contrat social*, which Burke considered a "performance of little or no merit", yet roused his impassioned fury because, in his opinion, it was the justification, if not the actual cause, of the French Revolution. One gathers from Miss Osborn's book that the differences between Rousseau and Burke hinged chiefly on their views as to the origin and nature of the state which conditioned its conduct throughout history. According to Rousseau, it originated in a social contract in which every individual participated. This version of the social contract logically led to the theory of popular sovereignty which, in practice, meant democratic control of the state. The will of the state was the will of the people, the *volonté générale* that was infallible and incorruptible.

Burke completely rejected the social contract theory as a visionary idea "inapplicable to real life and manners". Miss Osborn explains how Burke, a hater of philosophic theorizing, became the philosopher of the English constitution, the chief merit of which was, it was said, that it had no philosophy. It was the menace of the French Revolution, according to Miss Osborn, that induced Burke to propound a theory of the state to justify the status quo in England. In the opinion of Burke, the state was, in origin, divine, and, in nature, "a partnership not only between those who are living, but between those who are living, those who are dead, and those who are to be born." It was, therefore, a moral organism, fashioned by history, whose will was expressed by the established institutions, the sacred heritage of the nation bequeathed to the present by the past. Burke's theory of the state was later developed by Hegel who made it more famous by clothing it with more obscure language. Whatever changes were necessary, Burke argued, should be made by means of existing institutions, not by the adherence to novel theories, such as natural rights. He denounced the "unprincipled facility" of the French Revolutionists in continually changing the character of the state, thereby destroying its continuity. Prudence, "the first in rank of the virtues political and moral", was to guide those who proposed the necessary changes. In this way liberty was made secure by compromise, a "perpetual treaty" that gave a "steady direction" to the state.

In practice Burke's theories were a justification of the Whig oligarchy that then ruled England. It is not surprising, therefore, to learn that he was opposed to the reform of parliament. The "people" in Great Britain, according to Burke, numbered about 400,000, those

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"above menial dependence". "This", he said, "is the British public, and it is a public very numerous." Miss Osborn pointedly remarks that, as a result of the menace of the French Revolution, Burke's thought "became wellnigh frozen with fear" so that "he bade time stand still."

Both Rousseau and Burke were incurably romantic, and, one might add, utterly humorless. In the Age of Reason they were the philosophers of unreason who found in emotion, according to Rousseau, and in habit, according to Burke, the springs of human action. In reading Miss Osborn's excellent volume the reviewer was often moved to reflect on present discontents and conflicts. Were Rousseau and Burke the prophets of the present Age of Unreason?

J. SALWYN SCHAPIRO

THE COLLEGE OF THE CITY OF NEW YORK

The Struggle for Judicial Supremacy: A Study of a Crisis in American Power Politics. By ROBERT H. JACKSON. New York, Alfred A. Knopf, 1941.—xx, 361, iv pp. $3.00.

A century ago members of Andrew Jackson's Kitchen Cabinet talked of writing the history of Old Hickory's administration so that in years to come the account of his battles with his enemies would stand undistorted by Whig prejudices. Unfortunately for their plans the friends of Jackson lacked the time, the energy, or the literary art necessary for the performance of their task. For generations the history of the Jackson period was read largely in the pages of Republican authors, the admirers of Webster and Clay and of the Bank of the United States. Temporarily at least, the history of the Franklin Roosevelt administration is being handled more adequately by its friends. In addition to the bales of reports and releases explaining New Deal activities and portraying them in a favorable light, heads of government departments and their subordinates have rivaled academic institutions in their output of books and articles, some of which possess real distinction. The Department of Justice, through former Attorney General Cummings, Assistant Attorneys General McFarland and Arnold and others, has produced its share of scholarly products. In his *Struggle for Judicial Supremacy*, Robert H. Jackson, who served the Department in sequence as Assistant Attorney General, Solicitor General, and Attorney General, has added a distinguished volume to the list.

Mr. Jackson's announced purpose is "to set the Roosevelt Court proposal and the Court's own steps to reform in their historical and

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constitutional perspective." He has written a book that is clear, vigorous and informative. It surveys the constitutional origins of the Supreme Court, summarizes its successful struggle for power down to 1933, and illuminates in detail for the period after 1933 the judicial interference with Congress and the President which threatened to destroy the effectiveness of the administration program and resulted in the President's plan to reorganize the Court. It contains a trenchant appraisal of the judicial process. The book constitutes provocative reading for lawyers and for students of history and political science.

Nevertheless, it is in part a book for the hour rather than for all time. "It is inevitable", says Mr. Jackson, "that I will reflect an administration point of view on the constitutional struggle. I do not profess the neutrality required for the ultimate appraisal of our work." Like the friends of Andrew Jackson, he takes the narrow position that the opponents of the President's program are enemies of the President. "The President's enemies defeated the court reform bill", he says (p. v. See also p. 109). Although by sub-title the book is called *A Study of a Crisis in American Power Politics,* the reader will hardly discover from it the fact that legislative and executive branches of the government likewise have predatory characteristics and may reflect special interests. It contains no thoughtful discussion of the possible need for checks upon administrative developments. To the extent to which it fails to portray the Court in relation to the consolidation of executive power accumulated in terms of emergency needs, the book falls short of its announced purpose "to set the Roosevelt Court proposal and the Court's own steps to reform in their historical and constitutional perspective." Among other things it fails to demonstrate finally whether the Court as now constituted has become more intelligent in its relation to public affairs, or whether it merely lacks convictions of its own or the stamina to defend them. The disappearance from the Court of the antiquated philosophies of such justices as McReynolds and Butler was no doubt both inevitable and extremely desirable. The former Attorney General, who, since the publication of his book, has himself been appointed to the Court, is perhaps correct in saying that "at the moment the Supreme Court is, in general outlook, the most liberal of any court of last resort in the land," but the quality of its liberalism ought to be appraised in connection with something more than its mere unwillingness to interfere with the President now in office.

CARL BRENT SWISHER

THE JOHNS HOPKINS UNIVERSITY

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The Cambridge History of the British Empire. General Editors, J. HOLLAND ROSE, A. P. NEWTON, E. A. BENIANS. Volume II: *The Growth of the New Empire, 1783-1870.* Cambridge, at the University Press; New York, The Macmillan Company, 1940.—xii, 1068 pp. $10.50.

This volume of the *Cambridge History of the British Empire*, the second in a series of eight but the next to the last to be published, has been long in the making. Three of its twenty contributing historians died before its publication. It bears evidence of careful planning and scholarly execution in a field less well supplied with guide posts and traveling directions than that traversed by the first volume, which was concerned with the Old Empire. And it will long be used, for nowhere else within the covers of a single volume can a comparable mass of information, textual or bibliographical, be found on the rise and development of what the editors call the Second Empire.

It is in the nature of a collaborative work like this that it should be rather a collection of essays or short monographs than an integrated historical narrative. Indeed, it could be argued that there is a peculiar propriety in intrusting the history of this "vast diversity" to a variety of hands. Eleven of the twenty authors have contributed to other volumes in the series, and all of them are of British provenience except Professor Paul Knaplund, who ably represents American scholarship in a chapter on "Colonial Problems and Colonial Policy, 1815-1837". The several contributions inevitably vary in merit. For instance, Prof. J. L. Morison's discussion of "Emigration and Land Policy, 1815-1873", based largely on the annual reports of the Board of Colonial Land and Emigration Commissioners, is a valuable and distinguished survey of the subject. On the other hand, W. F. Reddaway's chapter on "Anglo-French Colonial Rivalry, 1815-1848" is a rather dreary recital in which trees frequently obscure forests and the author seems to be suffering from factual indigestion; the following subjects jostle one another in a single prodigious paragraph (pp. 259-260): French interest in New Zealand, British interest in the Falkland Islands, French policy in the Near East, French coercion of the Dutch, attempts on the life of Louis Philippe, Anglo-French commercial relations, and the French in Algiers.

In a work designed largely for purposes of reference and addressed primarily to students the scholarly apparatus is as important

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as the text, perhaps more important. It is evident that great pains have been taken with the Bibliography, which runs to 120 pages. The first part of this, prepared by Professor A. P. Newton and A. Taylor Milne, deals with collections of manuscripts in public and private archives and official papers and publications. Parliamentary papers are a rich mine of information for the history of the British Empire in the nineteenth century, and a notable feature of the Bibliography is a twenty-five page select list of parliamentary papers relating to colonial policy and administration, the affairs of the various colonies (exclusive of the self-governing colonies, for which lists of parliamentary papers are included in the bibliographies of the Dominions volumes, already published), and slavery and the slave trade. There is also a useful select list of British parliamentary debates relating to the same subjects. The second part of the Bibliography consists of two sections: the first includes bibliographical guides, periodicals, collected historical records, general histories and descriptive works, and biographies; the second comprises two special bibliographies, one for colonial policy and administration (divided into colonial policy in general, the colonies in the Revolutionary and Napoleonic wars, the humanitarian movement, transportation, emigration and land policy, economic policy and history, international law and relations, and imperial defense) and the other for the history of particular colonies. Students working in almost any phase of the history of the Second Empire will need to consult this Bibliography, and it is safe to predict for it a long career of usefulness.

Editorial work on the text has been carefully done. There are very few contradictory statements or serious inconsistencies, and in a volume by a score of authors this is a considerable achievement. Occasional cross references might have been added to advantage.

A praiseworthy feature of the volume is the attention given to British colonial policy during the half-century between the loss of the old colonies and the era of colonial reform. Here the relevant chapters are E. A. Benians' on the beginnings of the new empire, 1783-1793, Vincent Harlow's on the new imperial system, 1783-1815, and Paul Knaplund's, mentioned above. Of particular interest to this reviewer is Harlow's conception of Anglo-Irish relations from 1782 to 1800 as essentially imperial in character, and here, as the author sees it, the great imperial failure was the failure to work out a *modus vivendi* on the basis of Irish autonomy in internal affairs with a recognition of the superintending power of Great Britain in the realm of imperial affairs, such a division of authority as Lord Durham

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proposed in his *Report* fifty years later. Harlow thinks that if Great Britain had succeeded in putting her relations with her "Irish sister" on a sound footing, Ireland would have been "the first Dominion, leading the way to a British Commonwealth of Nations". He quotes from what he calls "an unknown State Paper of exceptional interest and importance", a copy of which is in the Dropmore Papers. He ascribes this to Richard Wellesley (afterwards the Marquis Wellesley) and sees in it "the principles of Lord Durham and the Colonial Reformers . . . enunciated half a century before their day" (p. 132). From the extract quoted, however, it is not clear, at least not to this reviewer, that the responsibility of ministers which the writer had in mind was not legal rather than political responsibility.

Colonial self-government is the subject of two chapters, by J. R. M. Butler and E. A. Benians. This theme has received so much attention that no great originality was to be expected in a new treatment of it. Mr. Butler follows Aileen Dunham (*Political Unrest in Upper Canada*) in crediting Dr. William Warren Baldwin, father of Robert Baldwin, with the first clear proposal of responsible government for Canada. The author's statement that in 1838 "the British constitution was regarded as essentially 'a mixed form of government', duly combining the monarchical, aristocratic and democratic elements" (p. 339), should be qualified. Not only did Lord Durham and his friends consider the responsibility of ministers to the House of Commons to be the keystone of the British constitution—an opinion inconsistent with acceptance of the mixed-form-of-government theory—but statesmen who opposed the concession of responsible government to colonies took the same view, Lord John Russell for example. Mr. Benians brings out what needs to be emphasized if the development of colonial self-government in the middle decades of the nineteenth century is to be understood, namely, the opinion widely accepted then in Great Britain that the colonies would eventually become independent. "Concessions were made without grudging. Let the colonies have the part, since they were certain one day to have the whole" (p. 701). There seems to be some unwillingness on Mr. Benians' part (p. 680) to recognize that Adam Smith thought that the separation of the old colonies from the mother country would be beneficial to her.

Cambridge Histories are storehouses of information supplied by distinguished specialists; but they rarely suggest, at least directly, fields for further research. "The history of the expansion of the

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United States westward", says Professor Morison, "has never received the attention it deserves as a means of elucidating parallel problems in British imperial advance" (p. 463). There is very little of this kind of thing in this volume. One wishes there were more of it.

ROBERT LIVINGSTON SCHUYLER

Essays in Canadian History: Presented to George MacKinnon Wrong for His Eightieth Birthday. Edited by RALPH FLENLEY. Toronto, The Macmillan Company of Canada Limited, 1939.—x, 372 pp. $2.50.

This volume, in the words of Professor Flenley, "is intended to be a tribute to Professor George M. Wrong, on the occasion of his eightieth birthday, by former students, colleagues, and present members of the Department of History in the University of Toronto." It contains sixteen essays on various topics in Canadian history, all composed by different authors belonging to the above-mentioned group; and these essays, except the first, are arranged according to their subject matter in four sections entitled, respectively, "Background and External Influences", "Political and Constitutional", "Social and Economic", and, lastly, "Cultural". The introductory essay is a sketch of Canadian historiography with strong emphasis on Professor Wrong's work and background in that field.

As is to be expected in a book of this kind, drawn from many sources yet having a common spiritual heritage or atmosphere, disjunctive elements are in evidence, but the unifying forces preponderate. Thus, the ethos of the work as a whole is decidedly secular; yet one very understanding and informative essay is devoted to the Canadian Protestant Churches, and another deals at some length with religious education in New France. Again, most of the subjects treated belong to political history; but several chapters are concerned more or less exclusively with other branches of the science, such as the social, the economic, the cultural and, in a sense, the religious. The same sort of duality is apparent in many other features. There is a concentration of attention on the British and American aspects of Canada's story, and the Irish influences are almost completely ignored. In nearly all the essays one detects an instinctive concern with, and confidence in, such political forms as "parties", "cabinets" and, especially, the device that is known as "responsible gov-

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ernment". For the most part the contributors seem to be aware of, yet averse to stressing, the essential rôle played by finance in parliamentary government of the "responsible" type. And the book on the whole as a philosophy of history manifests the traditionally Whiggish views that method is more important than matter, that progress is inevitable and springs always from the left, that morals are essentially relative. On the other hand, the voices of a minority speak largely of France and French Canadians in two chapters, and of Old Ireland in one; a few writers, perhaps by accident, but more likely from inclination, avoid reference to the paraphernalia of British party government; one or two essays announce rather frankly that class and wealth, rather than freedom and democracy, have been the mainsprings of Canadian politics; and while the definitely "moral" historian does not seem to be found here, it is fairly clear that more than one of the men who produced these studies would not approve of those sections of Professor Wrong's textbooks which have held up for the approval of successive generations of school children the blood-stained records of Elizabeth Tudor, Oliver Cromwell and William of Orange.

In more mechanical matters, too, the minor note of nonconformity persists throughout. The style in most places is marked by the "scientific plainness" usually apparent in current postgraduate studies; but a few chapters, especially Professor Lower's and Professor Flenley's, are more attractively written; and several others, particularly those by Professor Martin, Professor Feiling and Professor Saunders, are marred by one or more of such defects as overemphasis, lack of clarity, *clichés*, mystification and incorrect constructions. From errors in questions of fact the book is relatively free. As to terminology, there is a persistent tendency to eschew the use of certain words, and even to substitute others with a totally different meaning. An example is the avoidance of the term "religious" and the putting in its place of the word "cultural". But this practice may be due to confusion rather than to specific purpose; in fact, there is evident a commendable though minority desire to distinguish and relate the parts into which history may be divided, even though little in that direction has been attained. The volume is well printed and bound, and of pleasing format. There is no index.

JOHN PERRY PRITCHETT

QUEENS COLLEGE

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American Policy in the Far East, 1931-1940. By T. A. BISSON. New York, Institute of Pacific Relations, 1940.—xii, 162 pp. $1.25.

Canada and the Far East—1940. By A. R. M. LOWER. New York, Institute of Pacific Relations, 1940.—xi, 150 pp. $1.25.

The United States and Japan's New Order. By WILLIAM C. JOHNSTONE. London, New York, Toronto, Oxford University Press, 1941.—xii, 392 pp. $3.00.

Here are two monographs of the Institute of Pacific Relations Inquiry Series and a more comprehensive study issued under the auspices of the same Institute and carrying a foreword by Admiral Yarnell. Mr. Bisson's brief survey opens with a condensed historical introduction, then in 85 pages of text covers the principal political events of significance to American diplomacy from the outbreak of the Manchurian invasion in 1931 to the abrogation and expiration of the Japanese-American Trade Treaty of 1911 on January 26, 1940. This is followed by 46 pages of documents, consisting of published American notes of protest to Japan, excerpts of speeches by President Roosevelt, Secretary Hull and Ambassador Grew, and a few other American official statements. The author's sources throughout are the Department of State Press Releases and the files of *The New York Times.* The result is no contribution to historical scholarship, nor does the author make any pretensions to this, but it fulfills competently and well the expressed purpose of the IPR series "to present information in forms which will be useful to those who lack the time or expert knowledge to study the vast amount of material now appearing in a number of languages."

The same may be said of Professor Lower's review of Canadian relations with the Far East which, though less carefully documented than Mr. Bisson's, contains a more ample and more interpretative text. Thus we find a very brief historical introduction serving as a foundation for topical chapters analyzing public opinion on the Sino-Japanese conflict as reflected in the Canadian press, Canadian missions in the Orient, Canada's economic interests in that region, the all-important immigration issue, and the synthesis of these factors in Canada's Far Eastern policy. This, the author stresses in conclusion, is "unlike those of certain other countries" in that "Canadian interests do not extend to the acquisition of political influence or to control over territory." His final opinion "on the whole question

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of Canada's national interest in the Far East is that it is one best served by peace and the maintenance of a stable balance of power." To American readers especially Professor Lower offers a valuable orientation in the Far Eastern outlook of our northern neighbor.

A much more ambitious and really first-rate scholarly work is Professor Johnstone's study of the effects of the Sino-Japanese war on American rights and interests in China. The book is divided into three sections following a brief historical introduction. Part I (140 pages) deals with Japan's violations of American treaty rights in China. Part II (66 pages) analyzes the effects of the conflict on American commercial, financial, religious, educational, and philanthropic interests and enterprises in China, including a chapter on public opinion among the various groups of American citizens in residence there. Part III (126 pages) consists of a political narrative and commentary describing the outstanding features of American policy toward the War and ending with a specific proposal of policy for the United States to follow. The author's sources, necessarily restricted by the proximity of his subject, do not go beyond a judicious selection of standard American documentary collections and special studies, journalistic works, Department of State press releases and newspaper files. But he has brought to the utilization of these the benefit of profound study and first-hand experience (obtained in travel and residence in China) with many of the conditions that he describes; and though his conclusions are moot and the whole book bears the earmarks of a contemporary analysis, it will be a long time before any serious student of the period and subject it covers will feel free to pass it by.

A. WHITNEY GRISWOLD

YALE UNIVERSITY

The Caribbean Danger Zone. By J. FRED RIPPY. New York, G. P. Putnam's Sons, 1940.—xii, 296 pp. $3.00.

The Caribbean: The Story of Our Sea of Destiny. By W. ADOLPHE ROBERTS. Indianapolis, New York, The Bobbs-Merrill Co., 1940.—361 pp. $3.50.

Dr. J. Fred Rippy presents an interesting study of the problems involved in the dealings of the United States with the Caribbean countries. He approaches the subject somewhat more objectively than in previous works. He is, however, still inclined to feel that the United States and the Department of State have been the greater

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sinners, but does indicate that deeds of commission and omission have occurred on the other side. He avers that the Department of State was wont to inspire requests on the part of the Caribbean countries in order that later favors and payment could be exacted in the form of desired concessions. He says little regarding the urgency and insistence of the appeals which were made from time to time to the Department of State by these countries.

The direct interest of the United States in the Caribbean is admitted and the necessity for action to protect that interest is conceded. While criticizing many of the acts in previous times, the author has not pointed out any preferable course of action that might have been taken to further our interests. He emphasizes what is termed "strategy diplomacy" which apparently does not bear as much stigma as "dollar diplomacy". Perhaps this shift in emphasis and the inclination to look with less disfavor on the past actions of the United States are revealed in the enthusiastic approval of the policy of the present administration in securing from Great Britain naval bases in the Caribbean.

After a brief survey of the resources and politics of the Caribbean, the successive phases of the American relations to the region are discussed. The Monroe Doctrine is always "brandished" from the time of its inception, and the Roosevelt corollary is stated to be the outgrowth of dollar diplomacy. The problems of an inter-oceanic canal and their implications, as well as naval bases, are the subjects of various chapters. Details of the American efforts in connection with the so-called protectorates in Cuba, Panama, Nicaragua, Haiti and the Dominican Republic are given, but there is little appraisal of the accomplishments in connection with them. There is also a sketch of what are termed efforts that failed elsewhere. One critical chapter is devoted to investments and bankers, and the final one is entitled "The Good Neighbor Policy and the Totalitarian Threat".

Some slight errors have crept into the text, and in parts of the book the use of conjectural or suppositional assertions or phrases is most marked. The manuscript sources used were entirely American and British, whereas the printed ones were American with a few from Colombia. Thus, the absence of sources from the Caribbean countries is very noticeable. There is a selected and well-annotated bibliography; however, the references in connection with the text are brief and general in character.

The volume is especially valuable as an authoritative popular account giving the high lights of an interesting and important phase

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of American international relations and interpreting the background and the present situation of our Caribbean interests. It is very timely in view of the Caribbean dangers inherent in the present world conditions.

The volume by Mr. W. Adolphe Roberts is a popular history of the Caribbean written for the general reader. The author has read somewhat widely in published works dealing with the region and is quite successful in maintaining something of unity among the heterogeneous elements which make up the four and a half centuries of Caribbean history. The work is divided into four equal parts: "Wonder and Triumph" (the first fifty years); "Splendor and Challenge" (the 16th and 17th centuries); "Bonanza and Revolution" (the 18th and 19th centuries to the death of Bolivar); and "Imperialism and Liberty" (the 19th and 20th centuries to 1940). The various chapters of each part serve to carry the story forward, although many subjects are treated in a most summary fashion. Sometimes statements are not borne out by the facts and occasionally interpretations may be questioned. Numerous illustrations and sketch maps add to the value of the work. There is also a brief uncritical bibliography.

ROSCOE R. HILL

THE NATIONAL ARCHIVES

Europe, 1914-1939. By E. LIPSON. London, Adam and Charles Black, 1940; New York, The Macmillan Company, 1941. —viii, 293-494 pp. 12*s.* 6*d.*; $3.50.

Students, familiar either with the author's deservedly high reputation as an economic historian or with other volumes (*Europe in the XVIIth Century* by David Ogg, for example) of the series of which this one is a part, are likely to be somewhat disappointed. The book must be considered, however, in terms of its size. The text covers only 194 pages: that of course is a serious limitation. Great Britain is considered only in respect to its international relations (economic as well as diplomatic) so that "Continental Europe" might have been a more informing title.

The author states (p. 294) that the book will "be concerned with the new map of Europe; with the rise and decline of the League of Nations; with the growth of dictatorships; with the creation of a Workers' Republic; and with the economic consequences of a distorted nationalism, namely, the partial strangulation of a world economy." In accordance with this program the first three of eight chapters deal with the War (1914-1918), the Peace Treaties, and the

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League of Nations. The final chapter discusses economic nationalism. The intervening chapters treat, respectively, Russia, Germany, Italy (to these countries 94 pages are devoted), and all the other European countries, which are dismissed in 27 pages. Much of that all-inclusive chapter is devoted to France, but not a single nation, not even Turkey, is omitted. The result inevitably is that most receive no more than a page or a page and a half of discussion, which hardly seems worth while. This terrific compression necessarily leads to much oversimplification, which is occasionally misleading. The author, for example, writes that Poincaré's "efforts to win 'the battle of the franc' were crowned with success, and the franc recovered its previous rate" (p. 441)—actually, of course, merely to one fifth of its previous rate.

In more serious ways the distribution of space results in distortion. The author states—and most will agree with him—that Germany's "recovery was due less to her own intrinsic strength than to the failure of other States to check her advance when it lay in their power to do so with comparative ease" (p. 398). If that is the case, to dismiss the developments in all those other states in less than one third the space devoted to the three great dictator nations is surely to slight one of the most important features of the last twenty years.

The book is not so much a record of what happened as an analysis of existing conditions. The chapter on Italy, for example, is largely given to explaining the political and economic theories of fascism (principally by quotations from Mussolini and other Fascist writers) and to the author's reasons for thinking them fallacious. The chapter on economic nationalism is mostly a plea for free trade and contains a vigorous condemnation of British departure from faith in it.

There are surprisingly few specific facts in the book and hardly any figures. The book is, then, a short, interpretative analysis of recent Europe, not an account of the events of twenty years. Were the explanations profound, the meagerness of the information would not matter. But this reviewer must confess himself disappointed—and not merely at the shortness of the book. The explanation of the rise of Nazism, for example, does not seem to indicate a very thorough understanding of the movement. All in all, it may be said that the book, though very pleasantly written and though revealing no bias for the author's own country, contains little — either in the way of information or explanation — that indicates great knowledge of or deep insight into the developments of the last twenty years.

COLUMBIA UNIVERSITY GEORGE WOODBRIDGE

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War and Peace in Soviet Diplomacy. By T. A. TARACOUZIO. New York, The Macmillan Company, 1940.—x, 354 pp. $4.00.

During the early months of the present War, Winston Churchill in the course of a speech referred to the foreign policy of the Soviet Union as "a riddle wrapped in a mystery inside an enigma." Many scholars, like the illustrious descendant of the Duke of Marlborough, are apt to throw up their hands in despair when pressed for an analysis of the foreign policy of Russia. While not writing a history of foreign policy, Dr. Taracouzio uses much historical material in his latest work, which, like his other two, *The Soviet Union and International Law* and *Soviets in the Arctic*, bears the imprimatur of the Bureau of International Research of Harvard University and Radcliffe College.

War and Peace in Soviet Diplomacy is not, however, an historical study. It is, in the words of the author, "analytical rather than historical". This characterization, which seems justified, indicates a difficulty for the reader in grasping the chain of thought. It is by no means an easy book to read. The author's involved thinking is too often reflected in the sentence structure, which at times seems excessively long and complicated. But the author is attempting a Herculean task—to give "an exposé of the fundamental principles of Marxism concerning issues which have determined Soviet peace policies in the past, control the Kremlin's stand at the present, and will underlie the international relations of the U. S. S. R. in the future." Being essentially an analysis of Marxism in the light of Soviet thought and action in foreign relations, the study is based on Russian materials of which Dr. Taracouzio has a master's command. He might have explored more fully, for his introductory chapter on the position of war and peace in the western world, additional standard works in European languages, to say nothing of the informative articles in the *American Journal of International Law.* There is an account, somewhat sketchy, of the philosophic and juridical basis of war and peace in European thought. From an appraisal of these doctrines, the real analysis starts with a discussion of the Marxian concepts of war and peace.

The author shows how war, according to the Marxist, is not in contradiction of the principles of capitalism but the direct result thereof. War can be destroyed, therefore, only when capitalism is eliminated. Dr. Taracouzio is by no means a Communist apologist. In fact he dissects the doctrines of the theoreticians of the Kremlin

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with almost the impartiality of the surgeon's scalpel. On the distinction between just and unjust wars, a question which has baffled thought from Cicero down to the present, the author presents in evidence Stalin's line of demarcation. Just wars are those for national liberation, for throwing off the capitalistic yoke. Unjust wars are those for conquest of foreign lands and peoples. The Nazi-British War was called an imperialist war by the Kremlin; and the Soviet Union until June of this year had a working agreement with Nazi Germany, which, paradoxically and hypocritically as it has seemed, was explained as the natural consequence of Marxist ideology. The man on the street, however, was never satisfied with the hocus-pocus of such a rationalization to justify events which seem to be the very antithesis of accepted doctrine. Finally, the Soviet Union has become aware of what the man on the street has long known. In fact, the theory of the Nazi-Soviet pact, which Dr. Taracouzio has attempted to explain, will have to be set aside because of the impact of world events. This, of course, is no fault of the author's. It is only one of the hazards of the profession of trying to explain the present.

A very extensive bibliography of the Russian materials used and an appendix consisting of a subject index of Soviet treaties, agreements and conventions in force end this monograph.

OHIO STATE UNIVERSITY WILLIAM B. BALLIS

William E. Chandler: Republican. By LEON BURR RICHARDSON. New York, Dodd, Mead & Company, 1940.—xiii, 758 pp. $5.00.

This is a long biography of a little known New Hampshire politician, occasionally emerging as a prescient statesman, whose active political life spanned the sixty years from 1856 to 1916. If the volume is predominantly a party history of New Hampshire, and the American Republic for that period, the sweep supplies a helpful though verbose background against which to interpret the career of Chandler. The author has made excellent use of his ample sources, chiefly the Chandler Papers. The subject matter is organized chronologically into thirty-one well-written chapters, those following the year 1882 being the most original and therefore the most valuable.

Mr. Richardson, who has no delusions about the character and personality of his subject, describes him as always "an unbending partisan", a tricky, erratic party manager, often violently opposed

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to party trends, and the "first Progressive". His pugnacity brought him followers but few friends. His first prominent appearance before the national Republican Party was in 1868 when he was chosen secretary of the Republican National Committee and virtually managed the campaign that elected Grant as president. Ignored by Grant after his triumph, Chandler became disgusted with him, and later opposed his nomination for a third term.

Chandler was an irreconcilable advocate of the "bloody shirt" reconstruction in the South. In the disputed election of 1876 he was regarded by the Democrats as the thief who gave the election to Hayes. The author makes a bold effort to be judicial, but his endeavor to disprove the findings of W. W. Davis about the election in Florida is not convincing. Hayes's bargain with leaders of the Southern states to win the election was denounced by Chandler as a betrayal of Republican policy — after the election of 1878 was settled. He is credited with having discovered the cipher dispatches which he brought before the Potter Committee to the discomfort of the Democrats and particularly Tilden.

In 1880, opposing the Grant faction, he took the stump for Garfield and Arthur. When Arthur succeeded Garfield, Chandler was appointed as Secretary of the Navy and filled the office with such distinction that three chapters are devoted to his services. In 1887 he took a seat in the United States Senate, where he championed the "bloody shirt", objected to the consolidation of railroads, demanded the regulation of trusts, and favored bimetalism. He was a fire-eating jingoist in urging the Spanish-American War and annoyed McKinley in opposing senatorial membership on the peace commission; but he accepted a place for himself on the Spanish Treaty Claims Commission. One is surprised to learn that in 1908 Robert M. La Follette was Chandler's choice for President. In a bitter controversy over a railway rate bill, President Theodore Roosevelt gave Chandler a place in the Ananias Club; hence in the Roosevelt-Taft squabble, Chandler supported Taft. The World War alarmed him but he died in 1917 before the results of that conflict were known.

Chandler was a man of many weaknesses, he made mistakes, and his accomplishments were not always salutary. But he had a keen mind, undoubted ability and honesty of purpose. The author, at times with some difficulty, has maintained a critical and detached attitude. A full and fresh interpretation would not have been injured by a little more attention to brevity.

ALBANY, N. Y. A. C. FLICK

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The Boss: The Hague Machine in Action. By DAYTON DAVID MCKEAN. Boston, Houghton Mifflin Company, 1940.—xviii, 285 pp. $3.00.

Most of the recent literature on political bosses and machines is analytical; the older studies of political phenomena were polemical. This book on Hague combines the two methods of approach. As nearly everyone knows, Frank Hague is the Mayor of Jersey City, Vice-Chairman of the Democratic National Committee, and "boss" of New Jersey. He is, incredibly, the worst and most efficient boss in the United States; and McKean has performed a service in putting in book form many of the facts from public documents and newspapers which are forgotten all too soon by the general public.

These facts are, briefly, that Hague is ignorant but shrewd, cruel, unfair, deceitful, dishonest and all-powerful within Hudson County. He rules the state by naming Democratic governors and controlling an occasional Republican—such as Hoffman. He has allies in Newark and other neighboring cities, but his real power lies in Hudson County where corporations, labor leaders, property owners, merchants, priests, newspaper publishers, lawyers and all the public employees do his bidding. There have been a handful of honest and courageous souls in Jersey City who have opposed him, but they have been crushed by the machine.

Dr. McKean does not explain why such notably honest and respectable Democratic party leaders as President Roosevelt, Alfred E. Smith and James A. Farley support Hague. But the inference is that national leaders are concerned only with obtaining votes in New Jersey and have no interest in how they are obtained.

The techniques used by Hague in rising to power were outlined by Machiavelli a long time ago, and could have been learned by Hague from the life stories of Tweed, Croker, Magee and other typical American bosses. There is good ground for believing that Hague seldom reads anything and never ponders very long. He is the coefficient of forces released by the impact of his personality on his environment. He has studiously avoided introspection and oral expression of his ideas; but his testimony before official committees and courts reveals that his single dominating purpose in life is to satisfy his lust for power and profit.

In furtherance of his aims he has made certain concessions to his followers: thus, he permits no prostitution or open gambling within

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Jersey City (but allows vice to flourish in other portions of Hudson County) and he maintains "labor peace" in a manner that won the approbation of Governor Heil of Wisconsin, in exchange for higher taxes on manufacturers who had earlier established their concerns in his domain because of its proximity to New York City with its labor supply, harbors and terminal facilities.

Although McKean is not a psychologist, he has competently defined Hague's traits of character, by a recital of facts and opinions and by a judicious citation of statements and comments made by Hague. The chief defect of the book is that it does not solve the riddle of Hague as a social problem. The man has unquestioned physical strength, force of will, and persistence. We can dismiss his story as a sad but dramatic one that we hope will not be repeated. But should we not try to discover means of harnessing this energy now turned to anti-social uses, and make such adjustments in the structure of the city and its government and in our educational system as will enable each community to make the optimum use of individuals like Frank Hague?

Roy V. Peel

Indiana University

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BOOK NOTES

Against This Torrent (Princeton, Princeton University Press, 1941; 73 pp. $1.00) by Edward Mead Earle is a lucid and stimulating essay on the foreign policy of the United States. The title is taken from a Jeffersonian quotation, and probably the most illuminating of the three chapters is the one which deals with American policy in the first half-century of our national history. The "Grand Strategy" evolved by our statesmen from 1776 to 1823 was, as Mr. Earle well says, a highly intelligent and thoroughly realistic policy, and by comparison the conception of national interest that is advocated by certain vociferous isolationists of the present moment seems ignorant and parochial. "Almost from the beginning," says Mr. Earle, "it was recognized that our security depended not merely upon geographical remoteness, but equally upon the European balance of power, the maintenance of the British navy, and the existence of a universal concept of international order" (p. 39). It was the merit of our earlier statesmen that they recognized all of these factors; and the inescapable fact of the present is that every one of these factors has been profoundly changed. Whether or not it be true that our statesmanship has been equally intelligent, realistic and effective in subsequent years, there can be no escaping the moral of the tale. The present situation must be viewed realistically: we face a test of force which was not of our choosing but which we cannot evade; and time is of the essence of our problem. The correctness of the diagnosis and the general prescription seems inescapable. This reviewer believes that the Fathers would accept it if they were here; but at any rate Mr. Earle has showed that they used their heads and refused to be slaves to any mechanical formula.—DUMAS MALONE, Harvard University Press.

Francis Williams, former editor of *The Daily Herald* (London), has written a lively tract for these times in Great Britain in *War by Revolution* (New York, The Viking Press, 1941; 158 pp. $1.50). His thesis is that Germany can be defeated only by "a revolution of democratic socialism", initiated in England and extended by all possible means on the Continent. He would immediately begin efforts to get rid of "the manifestly undemocratic nature of the British social and economic system" and simultaneously recruit, from among Continental exiles, volunteers for an International Brigade of

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saboteurs and undercover propagandists who would operate in German Europe along lines analogous to Lawrence's organization of the Arab Revolt. He provides a tentative Proclamation of present and future aims for his People's War, and its aftermath, which extends from democratic socialism at home to an economically federated Europe (with Germany and Italy as equal partners), a free India, and coöperation with the United States and other countries in a World Resources Board. It is probably inevitable that in a pamphleteering effort of this sort the author should exaggerate the political element in Nazi conquests, and that he makes the error of absolving the British people as a whole almost completely for the fatal years 1931 to 1940. The assertion that government blinded the people overlooks such factors as the famous Peace Poll.—J. BARTLET BREBNER.

The six lectures—*The Background and Issues of the War* (Oxford, at the Clarendon Press; New York, Oxford University Press, 1940; vi, 141 pp. $2.00) by H. A. L. Fisher and others—delivered at Oxford soon after the outbreak of this War, were originally "intended chiefly for freshmen. But when seniors and juniors of all ages crowded the floor and thronged the galleries (of the Sheldonian Theatre)," then the Vice-Chancellor of the University felt justified in offering it to a wider public. The late H. A. L. Fisher opened the series with "The Historical Background", a vast subject one must admit, but the author's rare gift for condensation (as superbly demonstrated in his recent *History of Europe*) justified his boldness. Here he is at his best in compressing the history of twenty turbulent years (1918-1938) and setting it forth in a lucid and limpid style. Nor do the next two lecturers fall behind the pace set by the late Warden of New College, for both A. D. Lindsay and Gilbert Murray are eminently qualified on "War to End War" and "A League of Nations", respectively. Both the Master of Balliol College and the former Regius Professor of Greek show their undaunted faith in the eventual betterment of international relations. Though they write on different subjects, their theme is the same. In 1914 Professor Lindsay issued a pamphlet, *War Against War*. The arguments advanced twenty-five years ago are now emphasized, and the fact that we are now paying "for our failure to treat Republican Germany as different from Imperial Germany, and the manner more than the content of the Peace of Versailles", is underscored. Professor Murray has long been closely identified with the League of Nations idea. Now the idealist confesses his guilt for having given "false advice to the people." But he truthfully explains that the League was not

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even given a trial; rather it was betrayed. He still remains unshaken in his faith, for to see it die "would be to despair of civilization." Weaker souls and men of lesser stature are unfortunately already in despair. Of the remaining three lectures, that of Professor R. C. K. Ensor is a brilliantly balanced objective account of Hitler. It is the best sketch of the man, the soldier and the statesman which the Anglo-Saxon world expects from an Oxonian. In "The Diplomatic Background" Mr. Harold Nicolson carefully weighs Germany in the various scales of diplomacy and finds her in want of good faith, which seems to him as essential to successful diplomacy as credit is to banking. And Professor J. L. Brierly, who is handicapped by the nature of his academic subject, "The Laws of War", places the burden of building "a world in which law and not force shall bear rule" directly upon the shoulders of everyone concerned. Altogether, the composite impression of these lectures upon the reader should be at once stimulating and thought provoking. — A. O. SARKISSIAN, The Library of Congress.

If confirmation were needed for the idea that neutrality is rather a "set of practises sanctioned by agreement" (p. 58) than a body of generally accepted principles the applications of which are also agreed upon, *Studies in Economic Warfare* (New York, Chemical Publishing Company, 1941; viii, 178 pp. $4.00), by D. T. Jack, could give it. For the period 1793 to 1918 it is a closely written study of the growth of neutrality as a legalistic status, involving rights and duties and receiving form at any particular time from the economic and political necessities of nations at war and of closely affected but nonbelligerent states. So far as events since 1939 are concerned, it is a brief survey of "the position of Germany from the point of view of the possible effectiveness of the economic pressure which can be exercised by the Allied forces . . ." (p. 146). The change in focus seems unfortunate. Mr. Jack demonstrates that definitions of neutrality are always interested ones. Since redefinitions have occurred with war either in process or in mind, the pertinent international law becomes, not a control exercised from without, but a weapon designed to increase the effectiveness of economic warfare. Reinterpretations during World War I of the doctrines of contraband, blockade, continuous voyage, and the like, are explained in the light of data on the conditions of supply of materials useful in war as they affected the principal belligerents and neutrals. The difficulties confronted by the latter in maintaining neutral status as traditionally but loosely defined is cited as evidence indicating the

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inapplicability of a neutrality based on defense of sovereign rights in a world where total war and international economic interdependence are the rule. A third factor, the post-World War drive for collective protection, is offered as vitiating still more conclusively any doctrine, much less practice, of such a neutrality. It is a cause for some disappointment that the author has devoted himself in the section covering events since 1939 primarily to a survey of supply conditions. His conclusion, that no early collapse of the German economy need be looked for, given the alignment of Powers as of the summer of 1940, is carefully reached and interesting. Yet it would appear that further examination could usefully have been made of current developments in the doctrine of neutrality, with reference, for example, to particular evidences of American partiality, to the forms taken by British and German "blockades", and to the treatment of unoccupied but intimidated nonbelligerents. Particularly does this comment seem appropriate in view of the similarity between the author's materials and interpretations for the period up to 1918 and those of Professor Philip C. Jessup in his work of five years ago, *Neutrality, Today and Tomorrow.* — DONALD W. O'CONNELL, Columbia University.

As a new chapter opens in the history of British-American war finance, the old chapter dealing with the World War and its aftermath receives attention from Carl M. Frasure in *British Policy on War Debts and Reparations* (Philadelphia, Dorrance and Company, 1940; 188 pp. $2.00). Here is presented a brief, chronological account covering the period from the passage of the Federal Statute of April 1917, under which Great Britain borrowed so many billions, to the upsurge of feeling in America in favor of financial aid to Britain after Germany overran her neighbors in the spring of 1940. The serious student will find that this book adds nothing to the facts already known. Whatever usefulness it may have consists of its value as a convenient check list of dates of the successive conferences and agreements. Its brevity makes impossible adequate descriptions of the various adjustments, and it attempts almost nothing in the way of fresh analysis. In his closing sentence Professor Frasure makes it clear that in his opinion the experiences of the last twenty years prove "that the material collection of war debts is impracticable under our present international economy." However, one searches in vain for any detailed discussion or any attempt at formal demonstration of this broad proposition. Finally, many readers will be irritated by minor lapses and flaws in form, such as the use of "capitol" for "capital"

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(p. 122) and the misspelling of the name of Raymond Poincaré, who is referred to at least a score of times and with complete consistency as "Poincairé". — ROBERT M. HAIG.

In the midst of the battle of the ideologies, the average citizen is inclined to lapse into a coma; but the more serious student of world affairs finds that his desire for a restatement of his faith is greater. *Modern Economic and Social Systems* (New York, Farrar & Rinehart, 1940; viii, 604 pp. $3.00) by Russell E. Westmeyer is addressed to this type of person; but it is obviously intended also for use as a textbook. The author's hope was that his book would clear up some of the current confusion in regard to various programs of social and economic reform. His purpose has been "to make available to the interested reader a straightforward and nontechnical account of different economic, social and political ideas. . . ." In these two aims he has succeeded very well. The merit of this study lies in its simplicity, its uniformity of style and treatment, and its objectivity. It ranges from Amos, the Old Testament prophet, to Hitler. Naturally, many innovators and reformers receive short shrift, and others are, perhaps, given too much attention. In rapid succession Westmeyer briefly summarizes the thought of the expounders of Utopianism, Marxian socialism, communism, fascism and national socialism, touching lightly on minor movements along the way. If students are to get any lasting benefit from this work, they would have to read the books cited in the bibliographies at the end of each chapter. This text is, in this respect, a syllabus. Its usefulness as a textbook depends on the care exercised in the choice of references. The reviewer would like to suggest that the book could have been improved by separately listing original sources and by eliminating some of the secondary works which are not everywhere available. It appears that modern scholars are practically agreed as to which books should be included in a list of writings on socialism, but there is no such unanimity of opinion on the Communist, Fascist and National Socialist authorities. The author's citations reflect this indecision, which is a by-product of the insufficiency of good studies in the English language. However, this book should be judged as a textbook for American students, and, for this purpose, it is not only adequate but even superior to the bulky historical and journalistic accounts of social reform that have been published recently.—ROY V. PEEL, Indiana University.

The student of Latin American affairs will find a useful accumulation of data in *The European Possessions in the Caribbean Area*

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(New York, American Geographical Society, 1941; vii, 112 pp. $1.00) by Raye R. Platt, John K. Wright, John C. Weaver and Johnson E. Fairchild. The possessions of each European country are considered in turn and for each there is, to quote the booklet's subtitle, a brief "compilation of facts concerning their population, physical geography, resources, industries, trade, government, and strategic importance." That this is no mere compendium is the result of the careful selection of material and emphasis on the basis for distribution of economic activity and population. In the sections on production and social conditions considerable attention is paid to the social and economic problems arising from the existence of relatively large numbers of poorly educated, landless people, working for extremely low wages, particularly in the British colonies of Jamaica and Barbados. These and other administrative and economic problems in the British colonies are dealt with at somewhat greater length in a special introductory section. A selected bibliography will be found valuable by the reader desiring more detail on various aspects of the geography, economy and strategy of these areas. A concluding section on the strategic importance of the possessions as a group is supplemented by a map of the Caribbean on the scale of 1 : 11,500,000 which shows air and naval bases, wireless stations, cables, oil fueling stations, and distances from the United States and the English Channel to military objectives within the area.—THOMAS R. SMITH, Columbia University.

Professor William Spence Robertson's exhaustive study, *France and Latin-American Independence* (Baltimore, The Johns Hopkins Press, 1939; xv, 626 pp. $3.75), is a distinct contribution to diplomatic history. It is based on extensive archival research in France and elsewhere, and throughout shows the author's wide acquaintance with the literature concerning the period. The use of the naval papers in the *Archives Nationales* and of the Paris press made it possible to include much significant information often slighted in works on diplomacy. After brief attention to French interests in Hispanic America prior to 1808, Professor Robertson considers in turn the evolution of Napoleonic policy, that of the successive Bourbon ministries and the final decision to confer recognition after the July Revolution. Two separate chapters deal with the recognition of Haiti and Brazil. The chief contribution made by the volume is in connection with the policy of France in 1822-1824 during the period of activity of Chateaubriand. Despite occasional bellicose statements by French officials, it is conclusively shown that at no time did the government adopt a policy of forcible intervention in

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America. The dominant note during the Restoration was the perennial project for the creation of Bourbon monarchies in the New World through the mediatory efforts of the Powers, the ghost of which was not laid until 1830, though the plan never had any appreciable chance of success, owing to the hostility of England and the obstinacy of Spain. The perplexities of France, torn between commercial ambition, the dynastic tie with Spain, and rivalry with England, are clearly shown. The book might have been shorter. The inclusion of so much material, some of it of slight importance in the development of the theme, occasionally makes for confusion, but many may feel that the wealth of evidence included, the summaries and quotations from documents, sufficiently increases the value of the book to justify its length. In accuracy of detail this volume maintains the high standard of the author's previous work. The effect of Bonapartist propaganda in Hispanic America seems to be given excessive weight (p. 70); the interest of Great Britain in mediating between Spain and the Colonies *after 1815* also seems questionable (pp. 135, 176). Is it quite clear to speak of Richelieu as having favored Spanish American independence prior to the Congress of Aix-la-Chapelle (p. 157)? It is possible to question also the use of "Brazil" and "Brazilian" with reference to the government at Rio de Janeiro prior to 1822 (pp. 139, 143). Other generalizations may be challenged by some readers, but all will be grateful to Professor Robertson for his painstaking and thorough garnering of relevant material.—CHARLES C. GRIFFIN, Universidad Central, Caracas, Venezuela.

The volume under review—*The Diplomatic History of the Canadian Boundary, 1749-1763* (New Haven, Yale University Press; Toronto, The Ryerson Press; London, Oxford University Press for the Carnegie Endowment for International Peace, 1940; xiv, 172 pp. $2.50) by Max Savelle—is one of the important series concerning the relations of Canada and the United States that has been sponsored by the Carnegie Endowment for International Peace. It is the first comprehensive study to appear relative to the boundary disputes that involved New France and the British continental colonies during the period extending from the Peace of Aix-la-Chapelle of 1748 to the Peace of Paris of 1763. This was one of the momentous periods in the history of the old British Empire and by far the most momentous in that of its great rival, the French Empire. Rivalry over disputed lands lying within and about the Nova Scotian peninsula, as well as south of the St. Lawrence and Lakes Ontario and Erie

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and west of the Appalachians, is the theme of Dr. Savelle's book. This had its rise, according to the author, partly in the vagueness of the Treaty of Utrecht but chiefly as the result of competitive expansionist forces operating in North America that were able by the middle of the eighteenth century to project the issues involved to the forefront of national policy in both London and Paris. At first diplomacy was employed with the hope that an Anglo-French commission meeting in Paris might come to an agreement on these and other issues, particularly those involving a group of the Windward Islands of the West Indies, known as the "neutral islands". With the failure of the commission, direct negotiations followed but the maximum concessions each side was prepared to make fell short of that minimum to save the peace. To the author the British claims respecting the proper bounds to be assigned to Nova Scotia or ancient Acadia were superior to those of the French, while the French claims to the Ohio Valley were superior to those of the British. In this connection he stresses the implications of the imperialistic policies of the Earl of Halifax and, after the fall of Quebec and Montreal, those of Pitt in 1761 which led to a renewal of hostilities. However, he sees with clearness that what these men were seeking to do was to support the aspirations of the British colonials rather than use the latter to further expansionist schemes evolved by the ministry. The book is a solid contribution to the historical literature concerned with eighteenth-century imperialism in the New World. Both British and French sources have been thoroughly explored. The maps included are likewise a valuable aid to the student.—LAWRENCE H. GIPSON, Lehigh University.

With the publication of two additional volumes—*Diplomatic Correspondence of the United States, Inter-American Affairs, 1831-1860.* Vol. XI: *Spain;* Vol. XII: *Texas and Venezuela* (Washington, Carnegie Endowment for International Peace, 1939; xlii, 1017; xxxiv, 858 pp. $5.00 each) — Dr. William R. Manning has brought to a close the monumental project which provides a series of documents on inter-American relations to bridge the gap between the editor's earlier volumes dealing with the independence of the Latin American republics (1809-1830) and the *Papers Relating to the Foreign Relations of the United States* (1862–). With the exception of material of a purely formal character, that relating to private claims, to commercial negotiations and to domestic affairs in Latin American countries, the voluminous official correspondence has been almost entirely published in this series. These latest volumes maintain the high

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editorial standards that have characterized the series as a whole. Numerous cross references facilitate the use of the documents; material not printed is summarized in the footnotes, which contain much valuable information. The indices are admirable. The papers in Volume XI, *Spain*, relate chiefly to Cuba, indicating the great importance of the island in the American diplomacy of this period. Efforts to check British influence and intrigue, to purchase Cuba from Spain, the conflict over the López expeditions, and the cases of the *Crescent City*, the *Black Warrior*, and others are fully treated. The blockade during the Mexican War, the quarrel over the Florida archives and many other interesting side issues are illuminated. Many consular documents as well as purely diplomatic despatches are included. Volume XII is divided almost equally between Texas and Venezuela, though the former section covers only the years from 1836 to 1845. Here are to be found papers relating to Indian affairs, border incidents, frontier disputes, cases arising from the Texas-Mexican War, the American reaction to British policy in the Lone Star Republic, and finally to the annexation movement, which is fully covered. The Venezuelan documents deal very largely with the conflict arising from the disputed sovereignty of the Aves Islands, reports on British maneuvers in the Caribbean area, filibustering and revolutionary activities of Venezuelan groups in the United States. Space permits only an inadequate description of what any historical student will find fascinating reading. It is an authoritative presentation of basic sources hitherto available only to those who delved in the State Department archives.—CHARLES C. GRIFFIN, Universidad Central, Caracas, Venezuela.

The creation of Yugoslavia was largely owing to the shrewd honest statesmanship of Nicholas Pashich. Born of peasant stock, and always retaining the peasant's contempt for oratory and grandiloquence, Pashich started his career by winning scholarships which enabled him to study at the Polytechnic School at Zurich. After an enforced exile in Bulgaria, he returned to his native country and in 1889 became president of the municipality of Belgrade. It was here that he first gave proof of his vision and put into practice his training in engineering. He went before the voters with a project for a loan of ten million dinars to rebuild the city and make it a really modern capital, with paved streets, modern draining and sewerage systems, a water supply, and electric lighting. His success in the civic administration of Belgrade raised Pashich to the position of chief leader of the Serbian people, a position which he retained until his death in

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1926. There has never been an adequate biography of him in English until the fine tribute which has been paid to him by his old and trusted friend, Count Carlo Sforza, in *Fifty Years of War and Diplomacy in the Balkans* (New York, Columbia University Press, 1940; x, 195 pp. $2.75), translated by J. G. Clemenceau le Clercq. Even this is not a formal biography, but a delightful and authoritative series of sketches of Pashich as a man and a statesman, interwoven with an account of the steps by which the Serbs, Croats and Slovenes finally achieved unity and independence during the World War. Count Sforza knew Pashich very intimately, both from long residence at Belgrade and from confidential talks during the painful days of Serbian exile at Corfu. In the long conflict between Italy and Yugoslavia over the Adriatic coast, Count Sforza, with broader knowledge and wiser statesmanship than his chief, Sonnino, sided with Pashich rather than with his own government. Sonnino was stubbornly insistent on getting the full pound of flesh promised in his secret Treaty of London. Finally, after he had resigned, Count Sforza became foreign minister and was able in 1920 to make a satisfactory adjustment of the rival Adriatic claims by the Treaty of Rapallo. The sub-title, *Pashich and the Union of the Yugoslavs*, is more accurate than the main title of this delightful book, for there is not much in it about any of the Balkan peoples except the Yugoslavs. But the account of them, and of their sturdy dignified leader, is told with unusual charm and insight by a diplomat who does not hesitate to say with vigor what he thinks.—SIDNEY B. FAY, Harvard University.

The Newport Rising of November 1839 was probably the most notable example of violence connected with the Chartist movement, but until the appearance of David Williams' *John Frost: A Study in Chartism* (Cardiff, University of Wales Press Board, 1939; xi, 355 pp. 10*s*.) there has been no dependable account of it or of its leader. Now the gap in our knowledge has been very well filled. Mr. Williams appears to have done his work in about a year, a remarkable achievement considering the large amount of source material which he examined and digested and also considering the apparent inability of Welshmen to invent enough given names for their children for historians to be able to distinguish them with some confidence. There are some thin spots in Mr. Williams' narrative, but in general it is satisfactorily comprehensive. Particularly welcome is the close analysis of the origins of radicalism, both in Wales generally and in John Frost. Welsh Chartism came from the countryside and

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the country towns, and was strongly tinctured by Nonconformist objections to Anglican rule and to the enforced payment of church rates. It was, however, speedily reinforced by the victims of economic fluctuations in the new coal and iron industries and in their satellite enterprises. A high percentage of the 5,000 men who straggled through the rain to be fired upon in Newport were miners. Frost himself was a fairly well-to-do draper whose radical ideas (drawn largely from Cobbett) had formed and hardened almost immutably as early as 1822. On the strength of the Municipal Reform Act of 1835 he was elected Mayor of Newport. He had, however, already become embroiled in a life-long contest with Thomas Prothero, the town clerk, who used his connections with the dominant families and businesses of the region to accumulate a high degree of power and influence which he exercised ruthlessly against his opponent. Frost had already spent two terms in prison and had been heavily fined before he embarked on Chartist activity in 1837. He failed to control the rising tide of Welsh Chartism in 1839, largely, it would appear, because of Feargus O'Connor's double-dealing, but he was man enough to stand by the bedraggled, bewildered mob who marched on Newport. Almost entirely owing to the determined, intelligent efforts of the Lord Chief Justice, Sir Nicholas Tindal, he was spared the traitor's death which the Whig Ministry was determined to impose upon him. He even survived transportation to Van Diemen's Land and seventeen years of exile from his home. His career as portrayed here against the general background of early nineteenth-century Welsh radicalism contributes substantially to our understanding of the woeful interlude in Great Britain between the Napoleonic Wars and the prosperity of the 'fifties. — J. BARTLET BREBNER.

Whatever else the New Deal may or may not have done, it has raised the level of government publications to a new high. In no department is this more true than in agriculture. The most recent illustration of this claim is the 1940 yearbook of agriculture, *Farmers in a Changing World* (Washington, Government Printing Office, 1940; xii, 1215 pp. $1.50). No longer do these yearbooks contain pages of tabular material on number of employees by types of activities, number of meetings addressed and publications issued, etc. These now appear in the annual report of the Secretary of Agriculture and the yearbooks are given over to broad themes such as are illustrated by the title of the volume noted above. If anything, it is better than its best known predecessor, *Soils and Men*. In his fore-

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word, Henry Wallace, under whose direction the volume was prepared, admits that the human element is ever present in socio-economic facts, especially with respect to acting upon them. This he says makes it the more necessary to approach such issues in "the scientific spirit". The present yearbook, he says, "is a sincere effort to contribute to economic democracy in these United States . . . a halting step toward that marriage of the social and the natural sciences which I believe can be one of the great contributions of democracy to civilization." This claim, together with the acknowledgment of the volume's shortcomings, seems justified. There will be disagreement with interpretations, but the data are given whereby anyone can make his own deductions. The opening section is an able hundred-page summary of the whole by Gove Hambidge. There follow seven parts. The first, from which the book takes its title, is historical. The second, "Agriculture and the National Welfare", is a strong statement of the interdependence of industry and agriculture, city and country. The third, and longest, has thirty-three chapters dealing with efforts to solve the farmers' problems. Here soil conservation, forests, foreign trade, costs of distribution, coöperative marketing, credit, agricultural adjustment, taxation, electrification, population, tenancy and farm labor are among the topics discussed. This section closes with a remarkable chapter by M. L. Wilson, "Beyond Economics". Some of these chapters are in effect excellent summaries of recent special studies such as *Technology on the Farm*. Part IV deals with "Trends in National Farm Organizations". Part V in six chapters brings to bear the contributions of anthropology, education, sociology and philosophy to farmers in a changing world. Part VI discusses "Democracy and Agricultural Policy". Even many who know the department fairly well may be surprised to discover the length to which it has gone in trying to secure democratic participation. Finally there is a broad-guage discussion of "Essentials of Agricultural Policy" by H. R. Tolley. The volume is well and liberally illustrated. Each chapter carries a bibliography. —EDMUND DES. BRUNNER, Columbia University.

Government and Agriculture: The Growth of Federal Farm Aid (New York, Farrar & Rinehart, Inc., 1940; xiii, 217 pp. $1.00), by Donald C. Blaisdell, is a useful summary of the work of the Department of Agriculture in recent years. A discussion of the nature of the "farm problem" is followed by brief chapters on the program of agricultural adjustment and soil conservation, the activities of the Farm Security and Farm Credit Administrations, and other

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of the varied services of the Department. In its lack of critical judgment, however, the book approximates an official statement. This is most evident in Dr. Blaisdell's neglect of the problems of pressure groups and governmental patronage. The New Deal has brought many benefits to farmers and to the whole community, but it is possible to say this without losing sight of dangers in the mounting agricultural subsidies. In this respect, as in others, the government has yielded to special interest groups and, in so doing, it has not always acted in the long-run national interest. The immediate incomes of many farmers have been raised substantially, but the basic dilemma of our agriculture remains. Of all this, Dr. Blaisdell has little to say.—CARL T. SCHMIDT, Washington, D. C.

It is a happy event when a scholar trained in both economics and the law turns his attention to a problem on the border line of these two fields. Such a case is provided by Dr. Henry W. Spiegel's *Land Tenure Policies at Home and Abroad* (Chapel Hill, University of North Carolina Press, 1941; xii, 171 pp. $3.00). Dr. Spiegel begins by pointing out the possible objectives of such policies under modern conditions, indicating that the problem is not nearly as simple as popular discussion sometimes assumes it to be. Then he discusses the development of legal institutions conditioning land ownership and use; and here he treads skilfully between the Scylla of superficiality and the Charybdis of overly meticulous emphasis upon fine points of law. The major portion of the volume is then devoted to an examination of present land tenure policies in the United States, England and Germany, with the emphasis upon exposition, rather than upon analysis of effects — in part this last decision was forced upon Dr. Spiegel by the relatively short time for which the new policy orientations of the United States and Germany have been in effect. The close relationship between agricultural credit and the development of tenancy is properly stressed and some interesting case histories are presented in evidence. Two contrasts, the first between American and English land policy, and the second between Anglo-Saxon tradition and Nazi concepts, are extremely illuminating, and well worth the attention of those who analyze and frame our nation's attitudes and action in this field. This is a small book and at times Dr. Spiegel seems sketchy because of space limitations; once or twice he tends to substitute quotations from eminent authorities for citations of available relevant evidence. But these are minor flaws in a book which should be of great value to students of government action

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(and lack of action) regarding the land problems of our rural folk.—HARRY SCHWARTZ, Columbia University.

A careful analysis of Massachusetts' *Applicants for Work Relief* (Cambridge, Harvard University Press, 1940; xviii, 273 pp. $3.00), chiefly during the years 1935-37, has been made by Elizabeth W. Gilboy. Using about 2,500 cases as the statistical basis for the study, the author successfully describes the economic status of applicants before, during and after their work relief, and their chances of re-employment in private industry. The "average" applicant is found to be a man over 35 who is head of a family of four or five, semi-skilled or unskilled, in debt about $250, and who of necessity spends more than his relief income. The majority were not "ne'er-do-wells" but "responsible citizens who had lost their jobs as a result of economic circumstances before which they were powerless" (p. 213). While working under E.R.A. or W.P.A. from 1935 to 1937, at least, the unemployed or underemployed did not live upon the "lap of luxury". If employable, most would have taken jobs in private industry, had these been obtainable. While all her conclusions do not seem to be completely substantiated by the evidence presented, it is probable that the author is right in stating that the country is faced with a permanent relief program, that serious defects have existed in the administration of work relief, that the work relief of the past few years has been valuable in many ways and in spite of its failings has justified itself in the light of the purposes for which it was established. Most of the data were collected in Massachusetts, but much though not all evidence from other parts of the country has been utilized for bases of comparison. The volume deserves the close study of those who would intelligently prepare for a new post-war depression. As the author declares (p. 233), a "more coordinated, more flexible, and better planned system" than E.R.A. or W.P.A. would be highly desirable.—BOYD C. SHAFER, The Stout Institute.

The traditional indifference of American college students to career opportunities offered by the public service seems definitely to be a thing of the past. Washington is now the Mecca toward which thousands of young people turn yearly in the hope of finding a niche in the vast structure of modern government. One evidence of the seriousness with which undergraduates are beginning to explore this new field can be found in *Public Management in the New Democracy* (New York and London, Harper & Brothers, 1940; ix, 266 pp. $3.00). This is a collection of papers presented at a recent Conference on the American Public Service convoked at Cambridge under

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the auspices of the *Harvard Guardian*. Professor Fritz M. Marx, of Queens College, is responsible for the editorial supervision of the published volume. Since the conference was called by and for undergraduates it is natural that the personnel and career aspects of public employment should constitute the theme of most of the fifteen published papers contributed by a variety of competent persons from government offices, Civil Service Employees' Associations, Civil Service Commissions, and the like. Though the papers vary greatly in quality, they constitute together an analysis and survey of the field which should be of some value to interested college students.—GRAYSON L. KIRK, Columbia University.

The Cultural Approach to History (New York, Columbia University Press, 1940; ix, 359 pp. $3.50), edited for the American Historical Association by Caroline F. Ware, is made up of papers read at the 1939 meeting of the American Historical Association. The program was planned under the direction of Professor Eugene M. Anderson, and the volume has been edited by Dr. Caroline F. Ware, with the assistance of Dr. Ralph E. Turner. The title seems to be a concession to the new terminology in social science, for the book is more literally a group of essays in social history, especially American social history. The first part is devoted to "Techniques of Cultural Analysis". There is one article on the anthropological approach, and two on the relation of psychology to history. While interesting enough, this section of the book is inadequate, topically, and the papers themselves are not too well related to the latest literature and points of view in anthropology and psychology. The next section, that on "Cultural Groups", while prefaced by a paper on "Cultural Groups in the United States", is mainly given over to a study of nationality in American life. The papers are suggestive, but they are far too brief to embody much of substantial merit. The treatment of cultural institutions is devoted chiefly to the family in the Balkans, China and Russia, the rise of the industrial city, the social history of the corporation, and an analysis of the German army from 1871 to 1914 as a cultural institution. The two papers on the corporation are illuminating, and Dr. Vagts's study of the Hohenzollern army will correct many current misapprehensions. The history of ideas is allotted only two brief papers, one on the orientation of medieval intellectual history, and the other on the historical attitudes of liberalism. The former, by Gray C. Boyce, presents an original point of view by emphasizing the secular elements in medieval intellectual life. "The Dynamics of Cultural Change" includes papers

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on the industrial city and the modernization of China and Japan, and five brief papers on the social and intellectual history of New England. Professor Ralph Turner's discussion of the industrial city as a center of cultural change is especially thoughtful. The book closes with a discussion of the sources and materials for the study of cultural history, laying special stress upon local history, population data and folklore. All in all, one may say that this is a suggestive collection of the raw material of cultural history, though somewhat inchoate and diffuse. But it is certainly worthy of compilation and publication. Its contribution lies mainly in the descriptive material which is included. In other words, it has value as a contribution to history rather than to historiography. — HARRY ELMER BARNES, Cooperstown, N. Y.

Following hard upon an account of Montesquieu in England comes *Montesquieu in America, 1760-1801* (University, Louisiana State University Press, 1940; xi, 302 pp. $3.00) by Paul M. Spurlin. This attention to a man who avoided extremes and who approached the problems of politics from the Aristotelian standpoint is peculiarly refreshing and desirable; in an age of theoretical systems, the conclusions of an analytical, historically-minded observer appear serene and wise. Although students have long referred to Montesquieu's influence in America, they have actually done little more than indicate it. Professor Spurlin now enables us to go farther. The transmission of ideas and their specific effects upon developing institutions have been the topics of many pages, but in order to understand such matters we have long needed a series of quantitative, even statistical, studies. In cases of this sort it is important to know how many editions of the man's works were available at a given time, who actually read him, in what libraries his writings were located, and to what extent (with figures) he was quoted in periodicals. Such materials are far from the facile generalizations of textbooks, but they alone supply the data that sustain or destroy these selfsame generalizations. In no realm of historical writing is the easy fallacy of *post hoc ergo propter hoc* more commonly exhibited than in intellectual history. Mr. Spurlin in furnishing quantitative data has not written an heroic work but rather a most useful one, one on which better and larger books can be created. He shows the steady expansion of Montesquieu's influence, the variety of his appeal during the Revolution, Confederation and early national period, and the technique of dissemination. Taking the years covered, few if any writers were so widely read and commonly quoted. Some might surpass him

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in this or that crisis, but for the principles and practices of government, for the social ideals and individual psychology that lie back of those principles and practices, the name and contributions of Montesquieu must stand in these formative years of American history at the very top. To MR. Spurlin we are genuinely indebted for a thorough appreciation of this. — CHARLES F. MULLETT, University of Missouri.

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